



Focusing Locally • Empowering People • Connecting Globally

Annual Report and Form 20-F

2014



Executive summary

VimpelCom Ltd. (“VimpelCom”, “the Company” or “the Group”) is one of the world’s largest integrated telecommunications services providers, operating in 14 countries and headquartered in Amsterdam, the Netherlands. The Company offers voice and data services through a range of traditional and broadband mobile and fixed-line technologies across a territory with a total population of approximately 740 million people. VimpelCom provides its services under leading brands in each market, as well as through global strategic partnerships with leading technology companies such as Facebook, Google, Microsoft and Opera. As of the end of 2014, VimpelCom had 222 million mobile customers.

Vimpelcom’s leading brands and attractive markets

Russia



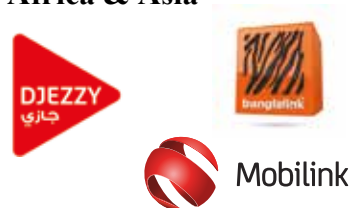
In Russia, VimpelCom operates under Beeline, one of the most recognized brands in Russia, and is one of the three leading mobile operators in the country, serving individuals as well as small, medium and large companies. The Company provides integrated mobile and fixed telephony, data transmission, Internet-based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

Italy



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

Africa & Asia



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

Ukraine



KYIVSTAR

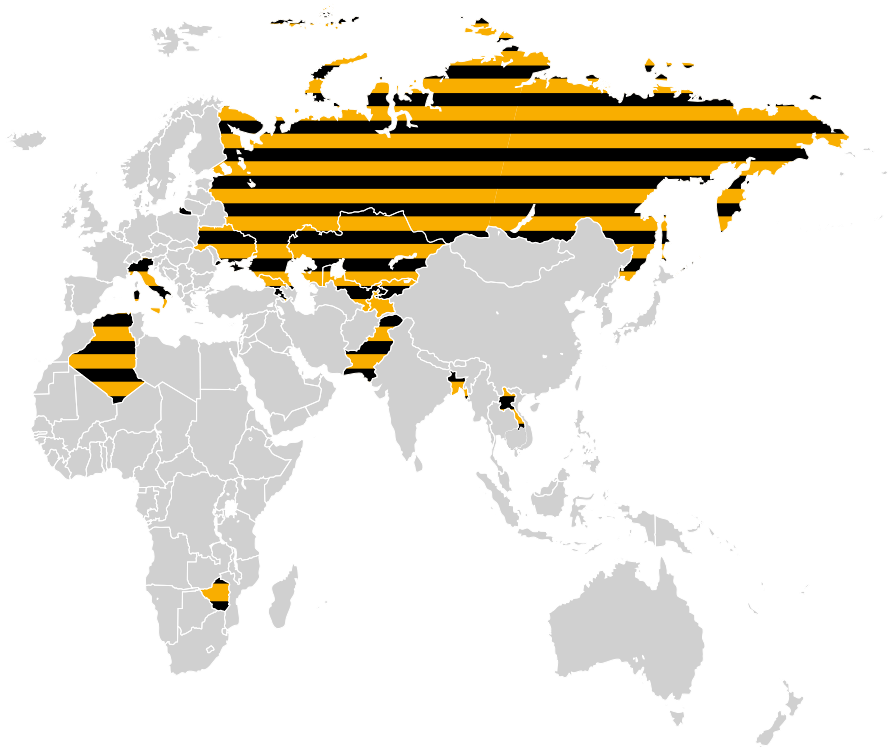
In Ukraine, VimpelCom operates under Kyivstar, the leading brand in the country, serving 26.2 million mobile customers. The Company has also reached sizable scale in fixed-line residential broadband, providing its 800,000 fixed-line broadband customers with an integrated offering that differentiates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

Commonwealth of Independent States (CIS)



Beeline®

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



Group highlights

- **Expanded mobile customer base:** VimpelCom's focus on becoming a more customer-centric organization led to total mobile customers increasing by 5 million year-over-year to 222 million by the end of the year, with the largest absolute contribution coming from a substantial increase in Algeria, Bangladesh and Pakistan. This compares to 209 million customers in 2012 and 217 million customers in 2013.
- **Continued investment in high-speed data networks:** VimpelCom's strategic investments resulted in the enhancement and modernization of the Company's high-speed data networks, ensuring VimpelCom remains at the forefront of capturing mobile data growth and offering the best services and bundles to its customers.
- **3G launched in Algeria and Pakistan:** Djezzy launched 3G services in Algeria in July 2014 and has since expanded services to 21 provinces across the country, including Algiers. Following the launch of various commercial bundles and handset promotions, data users grew 72% and mobile data revenue doubled year-over-year. In Pakistan, Mobilink launched 3G services in 31 cities and was the first operator to achieve 2 million 3G customers in the country. Banglalink launched 3G services in October 2013 and now has the widest 3G network in Bangladesh.
- **Successful resolution of issue in Algeria:** VimpelCom and Global Telecom Holding announced the signing of an agreement with the Fonds National d'Investissement, the Algerian National Investment Fund (the "FNI"), on April 18, 2014 that resolved the outstanding issue in Algeria. The agreement included the sale of a 51% interest in Orascom Telecom Algérie SpA (now known as Omnium Telecom Algeria SpA) to the FNI for a purchase consideration of USD 2.6 billion. The transaction closed on January 30, 2015. VimpelCom plans to use the total USD 3.8 billion net cash proceeds, which includes dividends of USD 1.8 billion, to pay down gross debt.
- **Capital structure optimization:** VimpelCom substantially improved its debt profile and liquidity position in 2014 with the financing activities of USD 20.5 billion in debt. This not only lowered annual interest costs significantly through 200 basis points reduction in the cost of debt, but also improved the Company's debt maturity schedule and liquidity position. With a solid cash position, no major debt refinancing obligation until 2020, robust cash flow generation, and strengthened liquidity, VimpelCom is well funded.
- **Strategic portfolio shaping almost completed:** As part of the Company's ongoing efforts to streamline its portfolio and focus on its core markets, VimpelCom sold operations in Burundi and the Central African Republic, as well as its interest in WIND Canada in 2014.

Delivered on 2014 targets

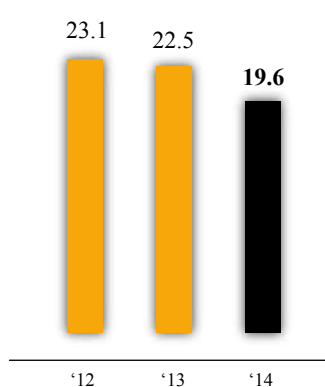
	Targets ¹ 2014	Actuals 2014	
Revenue	Low to mid single digit decline YoY	-4% YoY	✓
EBITDA	Low to mid single digit decline YoY	-6% YoY	✓
Leverage (Net Debt / EBITDA)	~2.4x	2.5x	✓
CAPEX excl. licenses / Revenue	~21%	20%	✓

¹ The annual targets for 2014 assumed constant currency, no major regulatory changes, no change to the asset portfolio and no major macro-economic changes.

2014 Key financial and operating indicators

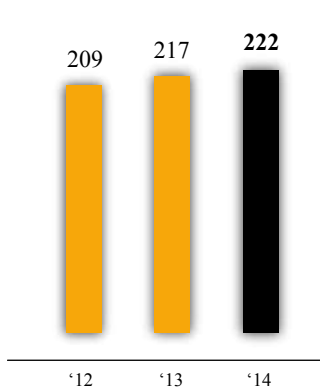
**Total revenue
(USD bln)**

19.6
(-4% organic¹)



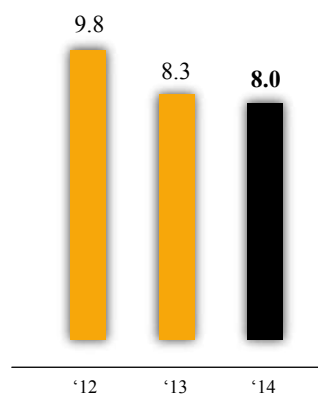
**Total mobile customers²
(mln)**

222
(+5 mln)



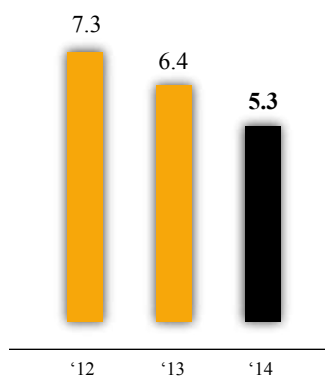
**EBITDA
(USD bln)**

8.0
(-6% organic¹)



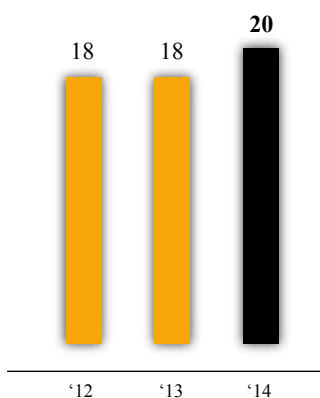
**Net cash from operating
activities (USD bln)**

5.3
(-17% reported)

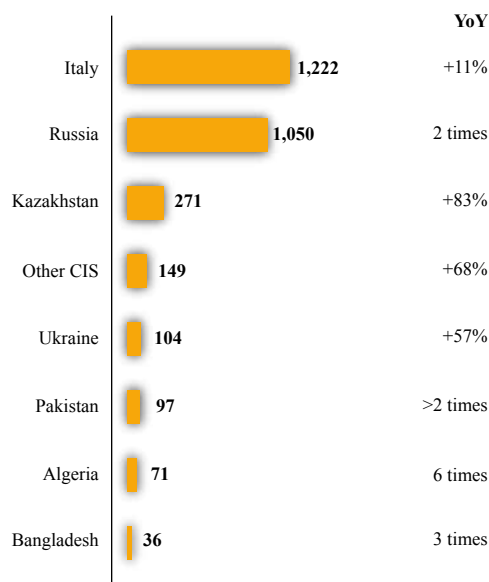


CAPEX to revenue³

20%
(+2 p.p.)



**Data usage in 2014
(average MB / user)**



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

2 Customer number adjusted for disposals

3 CAPEX excluding licenses

Chairman and CEO's letter

Dear stakeholder,

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

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

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

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

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

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

2014 also offered us the opportunity to re-assess our approach to risk management and compliance. We are pleased with the continued progress that we have made in establishing a more coordinated and strengthened framework, adding resources, training and awareness initiatives to the program. This will remain a key focus as we regard it as a critical part of our future development and a particular focus of our senior management team.

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

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

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

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

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



Alexey Reznikovich,
Chairman of the Supervisory Board



Jo Lunder,
Chief Executive Officer

Targets 2015

	Targets 2015 ¹
Service Revenue	Flat to low single digit decline YoY
EBITDA Margin	Flat to minus one p.p. YoY
EPS ²	USD 0.35 – 0.40
CAPEX / Revenue	~20%
Leverage (Net Debt / EBITDA)	~3.2x
Excl. Italy	~1.7x

¹ The annual targets for 2014 assume constant currency, no major regulatory changes, no change to the asset portfolio and no major macro-economic changes.

² EPS at constant currency and stable fair value of derivatives, excluding exceptional charges such as impairment charges, restructuring charges, litigation and settlements, impact of M&A transactions, other one-off charges and constant number of shares.

Business review by market

Russia

Highlights

- Beeline achieved 0.7 million net customer additions in Russia in 2014. Mobile data revenue increased 20% to RUB 38 billion, driven by growing demand for mobile data services, a strong increase in mobile data traffic, and a 16% YoY increase in mobile broadband customers.
- Beeline continued its transformation initiative in Russia by refocusing the Company on customer excellence and implementing a more customer-centric culture. As a result, VimpelCom realized significant improvement in churn and an increased NPS, which is the customer satisfaction measure used by the Company across the Group. Customer experience improved due to significant progress in filtering SMS spam, reducing spam per month from 12 in 2013 to 0.14 in December 2014. In addition, the Company also took action against unwanted services from content providers to the Company's customers, impacting the VAS revenue of Beeline, but improving its customer experience.
- Beeline continued to invest in its high-speed data networks in Russia and is on track with the Company's plans for the accelerated roll out of 4G/LTE. VimpelCom had launched 4G/LTE in 46 regions out of a total of 83 regions by the end of December 2014. Data speed is higher than 2 Mbps for 91% of Beeline customers and is already higher than 2.5 Mbps for 71% of Beeline customers. The Company improved voice quality by launching HD voice in 45 regions during 2014.
- Beeline announced a large-scale partnership with MTS that will further accelerate the roll out of 4G/LTE. This agreement between two leading mobile operators in Russia is for joint planning, development and operation of 4G/LTE networks in Russia. Between 2014 and 2016, VimpelCom will build and operate 4G/LTE base stations in 17 regions and MTS will build and operate 4G/LTE base stations in 19 regions. The partnership accelerates the roll out of 4G/LTE services to Beeline customers in a cost and capital efficient way.
- Beeline stimulates smartphone penetration. Beeline launched multiple mobile data devices in 2014, such as the attractive and affordable Beeline 3G smartphone, priced at RUB 490. In addition, the Company also started selling the iPhone 6 and introduced the Alcatel co-branded 4G/LTE smartphone. Finally, the Company introduced the Beeline Tab, which was the top-selling tablet in Russia in November 2014 according to GFK Agency.

Russia key metrics and financial data

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

In Russia, total revenue declined 3% YoY to RUB 282 billion, negatively impacted by the Company's measures to eliminate unrequested services from content providers to Beeline customers, as well as lower sales from equipment. EBITDA decreased by 8% YoY to RUB 112 billion, mainly due to the negative effect of the depreciation of the ruble against the US dollar, the decline in service revenue, the increased demand-driven network investments and the expansion of owned mono-brand stores. The Company expects the challenging environment will continue to put pressure on revenue and EBITDA margin in 2015. Beeline's efforts to drive customer excellence and to implement a cultural shift to a customer-centric organization achieved significant momentum during 2014 and Beeline is now the leading mobile brand in the country in terms of customer satisfaction on mobile Internet. Beeline also achieved continued improvements in customer perception with a further narrowing of the gap to its competitors in NPS, improved churn, and growth in the customer base.

Italy

Highlights

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

Italy key metrics and financial data

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

In Italy, Wind continued to deliver solid performance even as the business faced difficult conditions. The Company expects that the market will continue to stabilize in 2015. Total revenue was down 7% YoY to EUR 4.6 billion. The decrease was due to the persistent effect of cannibalization coming from the 2013 price competition, the reduction in the mobile customer base and the substitution of SMS with OTT services. EBITDA decreased 7% YoY to EUR 1.8 billion mainly as a result of the revenue decline. With the highest NPS in the country, WIND remains a leader in customer satisfaction. Additionally, Wind has continued to invest in rolling out our 4G/LTE network, covering 37% of the population by the end of 2014. By enhancing its focus on customer satisfaction and further developing the digital channels, Wind is working to grow its interaction with customers through digital channels and bolster competitiveness in the country.

Africa & Asia

Highlights

- 3G launched in Pakistan. Mobilink won the Pakistan Telecommunication Authority's 3G spectrum auction on April 23, 2014, securing a 15-year license for 2x10 MHz spectrum at 2100 MHz band for approximately USD 300 million. Mobilink launched 3G services after receiving its license in May 2014, and was the first operator to acquire 2 million 3G customers in the country. In 2014, Mobilink also completed the improvement and modernization of its 2G network.
- 3G launched in Algeria. Djezzy launched 3G services in Algeria on July 5, 2014 and has since expanded services to 21 provinces across the country, including Algiers. Following the launch of various commercial bundles and handset promotions, the business saw data users growing 74% and mobile data revenue doubling year-over-year. Djezzy launched a number of commercial offers including its successful Millennium 3G (hybrid voice and data product), handset promotions with data packages, B2C and B2B, and 3G VAS products such as Facebook zero, Djezzy store, Djezzy App, and Be-Djezzy. At the end of the year, Djezzy launched attractive 3G offers: a new prepaid offer "Go", which achieved encouraging uptake, and an unlimited postpaid offer "Infinity".
- In Bangladesh, Banglalink achieved a successful turnaround with 11% YoY increase in revenue, 7% YoY growth in customers, and a 17% YoY increase in EBITDA. In 2014, Banglalink completed the improvement and modernization of its 2G network, and achieved that all 64 district capitals are within 3G coverage. At the end of 2014 Banglalink had the widest 3G network coverage in the country.
- VimpelCom's 51.9% owned subsidiary Global Telecom Holding S.A.E. ("GTH") sold its stake in U-COM in Burundi and Telecel CAR in Central African Republic for USD 65 million.
- VimpelCom's 51.9% owned subsidiary Global Telecom Holding S.A.E. ("GTH") sold its debt and equity interest in the Globalive group of companies in Canada, including Globalive Wireless Management Corp. ("Wind Canada"), for approximately CAD 135 million, with the proceeds going to VimpelCom in repayment of part of the debt owed to VimpelCom.

Africa & Asia key metrics and financial data

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

VimpelCom has notably enhanced its position in Africa and Asia. The closing of the transaction in Algeria provides Djezzy with a strong local partner and the Company is better positioned to capture the future growth in this exciting market. The Company is rolling-out 3G in the country and anticipates notable progress for 2015. In Pakistan, Mobilink has completed the modernization of the 2G network and is already investing efficiently in rolling out 3G, becoming the first company to reach 2 million 3G customers in the country. In Bangladesh, Banglalink has the widest 3G network in the country, leading customer satisfaction. In 2014, the Africa & Asia Business Unit realized a 4% YoY organic decline in revenue to USD 3.4 billion. In Algeria, total revenue declined 5% YoY to DZD 136 billion, due to the forced delay of the Company's commercial launch of 3G. In Pakistan, total revenue declined 6% to PKR 102 billion as a result of competitive pressure and a challenging regulatory environment with countrywide implementation of the biometric verification system leading to a YoY slowdown in customer base growth, which is expected to continue in 2015. Banglalink reported strong revenue growth of 11% YoY to BDT 44 billion in Bangladesh, which was driven by higher voice, interconnect and VAS revenue primarily due to strong YoY growth in the customer base, as well as strong mobile data revenue growth after the launch of 3G in 4Q13. The EBITDA of the Africa & Asia Business Unit declined organically by 11% YoY to USD 1.5 billion.

Ukraine

Highlights

- Kyivstar's transformation program refocused its commercial strategy from volume-based to value-based management with a customer-centric approach and concentrated on customer excellence. As a result of these initiatives, NPS improved throughout 2014, particularly in network quality perception, but also due to attractive simplified tariff offerings focused on on-net, off-net, Internet and Fiber-to-the-Building (FTTB). As a result, Kyivstar reported the leading position in NPS and annualized churn improved by 7 percentage points YoY to 27%.
- Kyivstar continued to take further commercial measures to improve mobile service revenue trends as the Company has the highest quality network in Ukraine.
- In February 2015, Kyivstar has been awarded one of three licenses to provide nationwide 3G services in the 2100 Mhz band for a price of UAH 2.7 billion (~USD 100 million). Kyivstar is the leading operator in the Ukrainian market, with the highest number of smartphone users ready for 3G on its network. The launch of 3G will allow the people of Ukraine to experience the faster speeds and innovative services enjoyed by people all over the world. It will be beneficial to the economy and will help many businesses connect with their customers in new and innovative ways.

Ukraine key metrics and financial data

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

In Ukraine, despite the difficult operating environment, Kyivstar successfully completed its transformation program and exited the year with a leading NPS and improving operational trends. As a consequence, we are seeing reduced churn and customer base growth. The Ukraine business unit reported a 5% YoY decline in total revenue to UAH 12 billion, mainly due to lower mobile voice revenue, as a result of customers switching to cheaper bundled tariff plans, and to the difficult environment in Ukraine, leading to more conservative spending behaviour by customers. EBITDA decreased by 11% YoY to UAH 5.5 billion, mainly driven by the revenue decline and cost pressures due to the doubled frequency fees and increased utility costs. The Company expects that the environment will remain challenging in 2015. Kyivstar is the largest operator with the strongest brand, and the business will serve the Group in the long-term, especially now with the opportunity to roll out 3G in the country.

CIS

Highlights

- The Company reported growing customers in all markets in CIS, increasing its customer base by 4% YoY to 26.5 million in 2014. This was the result of increasing mobile penetration and improving YoY churn in 5 out of 6 CIS markets.
- Mobile service revenue grew organically by 4% YoY, mainly driven by strong growth of mobile data revenue of 26% YoY.
- In Kazakhstan, VimpelCom completed its successful turnaround and improved its market position despite the highly competitive market. Customers continue to be attracted by Beeline's value proposition as a result of the ongoing transition to bundled tariff plans, as well as its new data products. At the end of 2014, bundle penetration was at 50%. As a result of this attractive value proposition and the Company's good quality network, Beeline remains the solid leader in NPS in Kazakhstan.

CIS key metrics and financial data

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

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

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

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

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

Disclaimer

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

Reconciliation tables

Reconciliation of consolidated EBITDA of VimpelCom

USD mln	2014	2013	2012
Unaudited			
EBITDA	7,970	8,260	9,768
Depreciation	(2,839)	(3,050)	(2,926)
Amortization	(1,479)	(1,791)	(2,080)
Impairment loss	(992)	(2,973)	(386)
Loss on disposals of non-current assets	(74)	(100)	(205)
EBIT	2,586	346	4,171
Financial Income and Expenses	(1,972)	(2,059)	(1,875)
• including finance income	54	91	154
• including finance costs	(2,026)	(2,150)	(2,029)
Net foreign exchange gain / (loss) and others	(795)	(311)	(14)
• including Other non-operating gains / (losses)	(152)	(172)	(75)
• including Shares of loss of associates and joint ventures accounted for using			
• the equity method	(38)	(159)	(9)
• including Net foreign exchange gain / (losses)	(605)	20	70
EBT	(181)	(2,024)	2,282
Income tax expense	(722)	(2,064)	(906)
Profit for the year	(903)	(4,088)	1,376
Profit/(loss) for the year attributable to non-controlling interest	(256)	(1,463)	(163)
Profit for the year attributable to the owners of the parent	(647)	(2,625)	1,539

Reconciliation of VimpelCom consolidated net debt

USD mln	2014	2013	2012
Net debt	19,992	22,604	21,971
Cash and cash equivalents	6,342	4,454	4,949
Long-term and short-term deposits	109	396	67
Gross debt	26,443	27,454	26,987
Interest accrued related to financial liabilities	410	606	536
Fair Value adjustment	29	–	–
Unamortised fair value adjustment under acquisition method of accounting	–	665	794
Other unamortised adjustments to financial liabilities (fees, discounts etc.)	(106)	29	73
Derivatives not designated as hedges	259	204	453
Derivatives designated as hedges	89	271	237
Total other financial liabilities	27,124	29,228	29,080

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

- Registration Statement Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934
OR
 Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2014
OR
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
OR
 Shell Company Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 1-34694

VIMPELCOM LTD.

(Exact name of registrant as specified in its charter)

Bermuda

(Jurisdiction of incorporation or organization)

Claude Debussylaan 88, 1082 MD, Amsterdam, the Netherlands

(Address of principal executive offices)

Scott Dresser

Group General Counsel

Claude Debussylaan 88, 1082 MD, Amsterdam, the Netherlands

Tel: +31 20 797 7200

Fax: +31 20 797 7201

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

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

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares, or ADSs, each representing one common share	NASDAQ Global Stock Market
Common shares, US\$0.001 nominal value	NASDAQ Global Stock Market*

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

Securities registered or to be registered pursuant to Section 12(g) of the Act: None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 1,756,731,135 common shares, US\$0.001 nominal value.

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

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

Item 17

Item 18

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

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* Omitted because the item is not required.

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

EXPLANATORY NOTE

References in this Annual Report on Form 20-F to “VimpelCom” and the “VimpelCom Group,” as well as references to “our company,” “the company,” “our group,” “we,” “us,” “our” and similar pronouns, are references to VimpelCom Ltd., an exempted company limited by shares registered in Bermuda, and its consolidated subsidiaries. All section references appearing in this Annual Report on Form 20-F are to sections of this Annual Report on Form 20-F, unless otherwise indicated. This Annual Report on Form 20-F includes audited consolidated financial statements as of and for the years ended December 31, 2014, 2013 and 2012 prepared in accordance with International Financial Reporting Standards, or “IFRS,” as issued by the International Accounting Standards Board, or “IASB,” and presented in U.S. dollars. The company adopted IFRS as of January 1, 2009.

In this Annual Report on Form 20-F, references to “€,” “EUR,” or “Euro” are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended, references to “Russian rubles” or “rubles” or “RUB” are to the lawful currency of the Russian Federation and references to “US\$” or “\$” or “USD” or “U.S. dollars” are to the lawful currency of the United States of America. References to “LIBOR” are to the London Interbank Offered Rate, references to “EURIBOR” are to the Euro Interbank Offered Rate, references to “MosPRIME” are to the Moscow Prime Offered Rate, references to “KIBOR” are to the Karachi Interbank Offered Rate, references to

“AB SEK” are to AB Svensk Exportkredit, references to “Bangladeshi T-Bill” are to Bangladeshi Treasury Bill and references to “Rendistato” are to the weighted average yield on a basket of Italian government securities produced and published by Bank of Italy.

This Annual Report on Form 20-F contains translations of certain non-U.S. currency amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the relevant non-U.S. currency amounts actually represent such U.S. dollar amounts or could be converted, were converted or will be converted into U.S. dollars at the rates indicated. Unless otherwise indicated, U.S. dollar amounts have been translated from Euro, Algerian dinar, Pakistan rupee, Bangladesh taka and Canadian dollar amounts at the exchange rates provided by Bloomberg Finance L.P. and from Russian ruble, Ukraine hryvnia, Kazakh tenge, Uzbek som, Armenian dram, Georgian lari and Kyrgyz som amounts at official exchange rates, as described in more detail under “Item 5—Operating and Financial Review and Prospects—Certain Factors Affecting our Financial Position and Results of Operations—Foreign Currency Translation” below.

In addition, the discussion of our business and the telecommunications industry in this Annual Report on Form 20-F contains references to certain terms specific to our business, including numerous technical and industry terms. Such terms are defined in Exhibit 99.1—Glossary of Terms.

Certain amounts and percentages that appear in this Annual Report on Form 20-F 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.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Margin. Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. VimpelCom calculates Adjusted EBITDA as profit for the year before depreciation, amortization, impairment loss, finance costs, income tax expense and the other line items reflected in the reconciliation table in “Item 3—Key Information—A. Selected Financial Data” below. Our consolidated Adjusted EBITDA includes certain reconciliation adjustments necessary because our Russia segment excludes certain expenses from its Adjusted EBITDA. As a result of reconciliations, our consolidated Adjusted EBITDA differs from the aggregation of Adjusted EBITDA of each of our reportable segment. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by total operating revenue, expressed as a percentage. Adjusted EBITDA and Adjusted EBITDA Margin should not be considered in isolation or as a substitute for analyses of the results as reported under IFRS. Our management uses Adjusted EBITDA and Adjusted EBITDA margin as supplemental performance measures and believes that Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to investors because they are indicators of the strength and performance of the company’s business operations, including its ability to fund discretionary spending, such as capital expenditures, acquisitions and other investments, as well as indicating its ability to incur and service debt. In addition, the components of Adjusted EBITDA and Adjusted EBITDA Margin include the key revenue and expense items for which the company’s operating managers are responsible and upon which their performance is evaluated. Adjusted EBITDA and Adjusted EBITDA Margin also assist management and investors by increasing the comparability of the company’s performance against the performance of other telecommunications companies that provide EBITDA (earnings before interest, taxes, depreciation and amortization) or OIBDA (operating income before depreciation and amortization) information. This increased comparability is achieved by excluding the potentially inconsistent effects between periods or companies of depreciation, amortization and impairment losses, which items may significantly affect operating profit between periods. However, our Adjusted EBITDA results may not be directly comparable to other companies’ reported EBITDA or OIBDA results due to variances and adjustments in the components of EBITDA (including our calculation of Adjusted EBITDA) or calculation measures. Additionally, a limitation of EBITDA’s or Adjusted EBITDA’s use as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenue or the need to replace capital equipment over time. Reconciliation of Adjusted EBITDA to profit for the year, the most directly comparable IFRS financial measure, is presented in “Item 3—Key Information—A. Selected Financial Data” below.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- our strategy to generate sufficient net cash flow in order to meet our debt service obligations;
- our expectations regarding our capital expenditures in and after 2015;
- our plans to develop and provide integrated telecommunications services to our customers, increase fixed-line and mobile telephone use and expand our operations;
- our ability to execute our business strategy successfully and to complete, and achieve the expected benefits from, our existing and future transactions, such as the sale by WIND Telecomunicazioni S.p.A. (“WIND Italy”) of 90% of the shares of Galata S.p.A. (“Galata”) to Abertis Telecom Terrestre SAU (“Abertis Telecom”), the cash tender offer commenced by VimpelCom Amsterdam B.V., and the refinancing transaction announced by WIND Italy and Wind Acquisition Finance S.A. (“WAF”), including the related borrowing by WIND Italy and issuance of notes by WAF;
- our ability to extract anticipated synergies or to integrate an acquired business into our group in a timely and cost-effective manner;
- our expectations as to pricing for our products and services in the future, improving the total average monthly service revenue per customer and our future operating results;
- our ability to meet our projected capital requirements;
- our ability to meet license requirements and to obtain, maintain, renew or extend licenses, frequency allocations and frequency channels and obtain related regulatory approvals;
- our expectations regarding future developments in the markets in which we operate;
- possible developments in, outcome of and/or consequences of investigations by the U.S. Securities and Exchange Commission (“SEC”), the U.S. Department of Justice (“DOJ”), and the Dutch Public Prosecution Service (*Openbaar Ministerie*) (“OM”), or other bodies which may carry out investigations, as well as our internal investigation, and any litigation related to or arising out of any of the foregoing, and the costs we may incur in connection with the foregoing, as well as any potential disruption or adverse consequences to us resulting from such investigations and any such litigation; and
- other statements regarding matters that are not historical facts.

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

- risks relating to changes in political, economic and social conditions in each of the countries in which we operate, including as the result of armed conflict or otherwise;
- in each of the countries in which we operate, risks relating to legislation, regulation and taxation, including laws, regulations, decrees and decisions governing the telecommunications industry, currency and exchange controls and taxation legislation, economic sanctions, and their official interpretation by governmental and other regulatory bodies and courts;

- risks related to currency fluctuations;
- 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 developments in, the outcome of and/or consequences of investigations of our business which are ongoing or may be initiated, and any litigation related to or arising out of any of the foregoing, and the costs associated therewith, including relating to remediation efforts and enhancements to our compliance programs; and
- other risks and uncertainties.

These factors and the other risk factors described in “Item 3—Key Information—D. Risk Factors” are not necessarily all of the factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our future results. Under no circumstances should the inclusion of such forward-looking statements in this Annual Report on Form 20-F be regarded as a representation or warranty by us or any other person with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. The forward-looking statements included in this Annual Report on Form 20-F are made only as of the date of this Annual Report on Form 20-F. 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.

PART I

ITEM 1. Identity of Directors, Senior Management and Advisors

Not required.

ITEM 2. Offer Statistics and Expected Timetable

Not required.

ITEM 3. Key Information

A. Selected Financial Data

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

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

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

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

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

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

* Adjusted EBITDA is a non-GAAP financial measure. Please see “Explanatory Note—Non-GAAP Financial Measures” for more information on how we calculate Adjusted EBITDA. Reconciliation of Adjusted EBITDA to profit for the year, the most directly comparable IFRS financial measure, is presented below.

Reconciliation of Adjusted EBITDA to profit for the year

(Unaudited, in millions of US dollars)

	Years ended December 31,				
	2014	2013	2012	2011	2010
Adjusted EBITDA	7,970	8,260	9,768	8,298	4,906
Reconciliation adjustments	—	—	—	(42)	(50)
Depreciation	(2,839)	(3,050)	(2,926)	(2,726)	(1,403)
Amortization	(1,479)	(1,791)	(2,080)	(2,059)	(610)
Impairment loss	(992)	(2,973)	(386)	(527)	—
Loss on disposals of non-current assets	(74)	(100)	(205)	(90)	(49)
Finance costs	(2,026)	(2,150)	(2,029)	(1,587)	(536)
Finance income	54	91	154	120	69
Other non-operating losses/(gains)	(152)	(172)	(75)	(308)	35
Shares of (loss)/profit of associates and joint ventures accounted for using the equity method	(38)	(159)	(9)	(35)	90
Net foreign exchange loss/(gain)	(605)	20	70	(190)	(5)
Income tax expense	(722)	(2,064)	(906)	(585)	(574)
(Loss)/profit for the year	(903)	(4,088)	1,376	269	1,873

SELECTED OPERATING DATA

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

	As of December 31,				
	2014	2013	2012	2011	2010
Selected company operating data⁽¹⁾:					
End of period mobile customers (in millions):					
Russia	57.2	56.5	56.1	57.2	52.0
Italy	21.6	22.3	21.6	21.0	—
Algeria ⁽⁴⁾	18.4	17.6	16.7	16.2	—
Africa & Asia ⁽⁵⁾	71.6	69.4	64.9	59.9	0.7
Ukraine ⁽⁴⁾	26.2	25.8	25.1	23.2	24.2
CIS	26.5	25.4	24.2	19.7	15.6
Total mobile customers	221.6	216.9	208.6	197.2	92.5
Mobile MOU ⁽²⁾					
Russia	304	291	276	243	219
Italy	264	237	207	197	—
Algeria ⁽⁴⁾	194	216	274	289	—
Africa & Asia					
Pakistan	238	226	214	206	—
Bangladesh	197	184	216	209	—
Laos	103	106	97	233	—
Ukraine ⁽⁴⁾	511	501	513	483	383
CIS					
Kazakhstan	309	290	213	148	120
Uzbekistan	523	471	474	425	386
Kyrgyzstan	293	265	272	303	258
Armenia	374	339	269	257	294
Tajikistan	286	270	241	229	179
Georgia	228	244	237	207	137
Mobile ARPU ⁽²⁾					
Russia	US\$ 8.6	US\$ 10.6	US\$ 10.8	US\$ 11.0	US\$10.8
Italy	US\$ 14.6	US\$ 16.3	US\$ 18.5	US\$ 21.7	—
Algeria ⁽⁴⁾	US\$ 7.7	US\$ 8.4	US\$ 9.0	US\$ 9.8	—
Africa & Asia					
Pakistan	US\$ 2.1	US\$ 2.3	US\$ 2.6	US\$ 2.7	—
Bangladesh	US\$ 1.5	US\$ 1.5	US\$ 1.8	US\$ 1.8	—
Laos	US\$ 5.3	US\$ 6.0	US\$ 5.6	US\$ 5.1	—
Ukraine ⁽⁴⁾	US\$ 3.1	US\$ 4.7	US\$ 5.2	US\$ 5.2	US\$ 4.8
CIS					
Kazakhstan	US\$ 5.8	US\$ 7.1	US\$ 7.6	US\$ 8.3	US\$ 9.2
Uzbekistan	US\$ 5.6	US\$ 5.3	US\$ 4.6	US\$ 4.1	US\$ 4.1
Kyrgyzstan	US\$ 5.5	US\$ 6.6	US\$ 5.5	US\$ 5.5	US\$ 5.3
Armenia	US\$ 6.6	US\$ 7.1	US\$ 6.8	US\$ 8.1	US\$10.3
Tajikistan	US\$ 9.2	US\$ 10.0	US\$ 8.6	US\$ 8.8	US\$ 6.5
Georgia	US\$ 4.9	US\$ 6.3	US\$ 6.7	US\$ 6.8	US\$ 7.5

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

- (1) For information on how we calculate mobile customer data, mobile MOU, mobile ARPU, mobile churn rates and broadband customer data, please refer to the section of this Annual Report on Form 20-F entitled “Item 5—Operating and Financial Review and Prospects—Certain Performance Indicators.” The mobile customer numbers for Africa & Asia include 2.2 million customers from our equity investee in Zimbabwe (accounted at cost) as of December 31, 2014 and 2.6 million customers as of December 31, 2013 and 2012.
- (2) For Wind Telecom Group companies acquired on April 15, 2011, mobile MOU, ARPU and churn are calculated based on the full year.
- (3) CIS mobile broadband customers are those who have performed at least one mobile Internet event in the three-month period prior to the measurement date, as well as fixed Internet access using FTTB, xDSL and WiFi technologies.
- (4) The customer numbers for 2012, 2011 and 2010 have been adjusted to reflect revised customer numbers in Algeria and Ukraine where the definition of customers has been aligned to the group definition. MOU, Mobile ARPU and Churn have been adjusted accordingly.
- (5) The customer numbers for 2013, 2012, 2011 and 2010 have been adjusted to remove customers in operations that have been sold.

B. Capitalization and Indebtedness

Not required.

C. Reasons for the Offer and Use of Proceeds

Not required.

D. Risk Factors

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

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

Risks Related to Our Business

Substantial leverage and debt service obligations could materially decrease our cash flow and prevent us from raising additional capital.

We have substantial amounts of indebtedness. As of December 31, 2014, the principal amount of our external debt for bank loans, bonds, equipment financing, and loans from others amounted to approximately US\$26.4 billion. Much of our indebtedness relates to the 2011 acquisition of 100% of Wind Telecom S.p.A. (“Wind Telecom”), or the Wind Telecom Transaction, and the subsequent refinancing of Wind Telecom entities’ debts. Since the Wind Telecom Transaction, we have also incurred additional external debt through bank loans, bonds and equipment financing. As a result, the leverage of the VimpelCom Group is substantial. For more information regarding our outstanding indebtedness and the outstanding indebtedness of Wind Telecom entities, see “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financing Activities.”

Agreements under which we borrow funds contain obligations, including covenants that impose on us certain operating and financial restrictions. Some of these covenants relate to our financial performance, such as the level of earnings, debt and assets and may have the effect of preventing us or our subsidiaries from incurring additional debt. Failure to meet these obligations may result in our default which could increase the cost of securing additional capital and lead to the acceleration of our loans and the loss of assets that secure the defaulted debts. Such a default and acceleration of the obligations under one or more of these agreements (including as a result of cross default and cross acceleration) could have a material adverse effect on our business, financial condition, results of operations and prospects, and in particular on our liquidity and our shareholders’ equity. In addition, covenants in our debt agreements could impair our liquidity and our ability to expand or finance our future operations. For a discussion of agreements under which we borrow funds, see “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financing Activities.”

Aside from the risk of default, given our substantial leverage and limits imposed by our debt obligations, our business could suffer significant negative consequences such as the need to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for dividends, working capital, capital expenditures, acquisitions, joint ventures and other purposes necessary for us to maintain our competitive position and to maintain resiliency in the face of general adverse economic and industry conditions.

Further, certain bank loans entered into by our subsidiary OJSC “Vimpel-Communications” contain clauses that enable the lender to unilaterally increase interest rates. Any such increase in interest rates under these facility agreements now or in the future could increase our cost of borrowing in Russia, which could have a negative effect on our business. For more information on these bank loans, see “Item 5 Operating and Financial Review and Prospects—Liquidity and Capital Resources—“Financing Activities”.

We may not be able to raise additional capital.

We may need to raise additional capital in the future, including through debt financing. If we incur additional indebtedness, the related risks of leverage 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. In addition, we may not be able to borrow money within the local or international capital markets on acceptable terms or at all. The sanctions imposed by the United States, European Union and other countries in connection with developments in Ukraine during 2014 and 2015, and additional sanctions which may be imposed in the

future, may also negatively affect our ability to raise external financing, particularly if the sanctions are broadened. Our ability to raise additional capital may also be affected by any downgrade of our credit ratings, even for reasons outside our control, which may harm our business, financial condition, results of operations and prospects. If we are unable to raise additional capital, we may be unable to make necessary or desired capital expenditures, to take advantage of investment opportunities, to refinance existing indebtedness or to meet unexpected financial requirements, and our growth strategy and liquidity may be negatively affected. This could cause us to be unable to repay indebtedness as it comes due, to delay or abandon anticipated expenditures and investments or otherwise limit operations, which could materially harm our business, financial condition, results of operations and prospects.

We are exposed to foreign currency exchange loss and currency fluctuation and convertibility risks.

A significant amount of our costs, expenditures and liabilities are denominated in U.S. dollars and Euros, including capital expenditures and borrowings, while a significant amount of our revenue is in currencies other than the U.S. dollar and Euro. Thus, declining values of local currencies against the U.S. dollar or the Euro could make it more difficult for us to repay or refinance our U.S. dollar or Euro-denominated debt or purchase equipment and services. The value of Russian and Ukrainian currencies, for example, have declined significantly in response to political and economic issues since December 31, 2013, and may continue to decline. The significant depreciation of the Russian ruble against the U.S. dollar in 2014 in particular negatively impacted our results of operations and resulted in a foreign currency exchange loss in 2014. In addition, the devaluation of the Ukrainian hryvnia negatively impacted revenues in our Ukraine segment and our results of operations in 2014, and the National Bank of Ukraine's decision in February 2015 to suspend its interventions to support the Ukrainian hryvnia has resulted in further devaluation in 2015. Currency fluctuations and volatility may impact our results of operations and result in foreign currency transaction and translation losses in the future. Changes in exchange rates could also impact our ability to comply with covenants under our debt agreements. Exchange rate risks could harm our business, financial condition, results of operations and prospects. We cannot ensure that we will be able to effectively hedge against these risks.

In addition, exchange controls and currency restrictions in any of our geographic regions could harm our business, financial condition, results of operations and prospects. For example, the official currency in Uzbekistan is not convertible outside Uzbekistan due to local government or banking regulations, delays and restrictions on exchange rates. In addition, currency restrictions have made it difficult to acquire equipment produced outside of Uzbekistan for use in building and maintaining the company's telecommunications network. We have also faced currency restrictions in some of our other countries of operation, including Algeria and Bangladesh. For more information about risks related to currency exchange rate fluctuations, see "Item 11—Quantitative and Qualitative Disclosures About Market Risk" and Notes 5 and 17 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

We may incur unexpected liabilities and may not realize anticipated benefits from acquisitions.

From time to time, we engage in acquisitions. Their outcome and effects may differ materially from our expectations based on factors we cannot predict:

- the acquired companies' compliance with telecommunications licenses and permissions, compliance with laws, regulations and contractual obligations, ability to obtain and maintain favorable interconnect terms, frequencies and numbering capacity and ability to protect their intellectual property;
- unforeseen liabilities or obligations incurred pursuant to the acquisitions;
- our ability to realize expected synergies and integrate acquired business operations while maintaining effective relationships with customers, management and employees;
- risks that different geographic regions present, such as currency exchange risks, developments in competition and regulatory, political, economic and social developments; and
- challenges brought by third parties.

For information about our acquisitions, please see “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Investing Activities.”

In addition, we may not be able to divest some of our activities as planned, and the divestitures we do carry out could negatively impact our business.

As a holding company, VimpelCom depends on the performance of its subsidiaries.

VimpelCom is a holding company and does not conduct any revenue-generating business operations of its own. Its principal assets are the direct and indirect equity interests it owns in its operating subsidiaries. It is dependent upon cash dividends, distributions, loans or other transfers it receives from its subsidiaries to make dividend payments to its shareholders (including holders of ADSs), to repay debts, and to meet its other obligations. The ability of VimpelCom’s subsidiaries to pay dividends and make payments or loans to VimpelCom depends on the success of their businesses and is not guaranteed. Although VimpelCom has a global strategy set by leadership, management at each operation is responsible for executing many aspects of that strategy, and it is not certain local management will be able to execute that strategy effectively.

VimpelCom’s subsidiaries are separate and distinct legal entities. Any right that VimpelCom has to receive any assets of or distributions from any subsidiary upon its bankruptcy, dissolution, liquidation or reorganization, or to realize proceeds from the sale of the assets of any subsidiary, will be junior to the claims of that subsidiary’s creditors, including trade creditors.

The ability of VimpelCom’s subsidiaries to pay dividends and make payments or loans to VimpelCom, and to guarantee VimpelCom’s debt, will depend on their operating results and may be restricted by, among other things, applicable covenants in debt agreements and corporate, tax and other laws and regulations. These covenants, laws and regulations include restrictions on dividends, limitations on repatriation of earnings, monetary transfer restrictions and foreign currency exchange restrictions in certain agreements and/or certain jurisdictions in which VimpelCom’s subsidiaries operate. For example, VimpelCom’s subsidiaries operating under WIND Italy are restricted from making certain payments to VimpelCom by existing covenants of the Wind Telecom Group. For more detail on the WIND Italy financings, see “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financing Activities.” Furthermore, our ability to withdraw funds and dividends from our subsidiaries and operating companies may depend on the consent of our strategic partners where applicable. See “—Our strategic partnerships and relationships carry inherent business risks” and “Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Algeria Transaction and Settlement.”

Our majority stake in an Egyptian public company may expose us to legal and political risk and reputational harm.

We have a 51.9% owned subsidiary in Egypt, Global Telecom Holding S.A.E. (“GTH”), that is a public company listed on the Egyptian Stock Exchange and London Stock Exchange and is therefore subject to corresponding laws and regulations, including laws and regulations for the protection of minority shareholder rights. GTH is the holding company for a number of our assets in Africa and Asia, including Algeria, Bangladesh and Pakistan. GTH is exposed to the risk of unpredictable and adverse government action and severe delays in obtaining necessary government approvals stemming from unrest in Egypt during recent years. Furthermore, GTH may be subjected to significant tax claims under existing or new Egyptian tax law and this could expose GTH to increased tax liability. For more information on tax claims of the Egyptian authorities please see Note 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Our strategic partnerships and relationships carry inherent business risks.

We participate in strategic partnerships and joint ventures in a number of countries, including Russia (Euroset), Kazakhstan (KaR-Tel, TNS-Plus, 2Day Telecom, KAZEUROMOBILE LLP), Algeria (Djezzy) Uzbekistan (Buzton), Kyrgyzstan (Sky Mobile, Terra), Georgia (Mobitel), Tajikistan (Tacom), Laos (VimpelCom Lao Co., Ltd) and Zimbabwe (Telecel).

We do not always have a controlling stake in our affiliated companies and even when we do, our actions with respect to these affiliated companies may be restricted to some degree by shareholders agreements entered into with our strategic partners. Our business, financial condition, results of operations and prospects may be materially harmed if disagreements develop with our partners. Our ability to withdraw funds and dividends from these entities may depend on the consent of partners. Agreements with some of these partners include change of control, put and call options and similar provisions, which could give other participants in these investments the ability to purchase our interests, compel us to purchase their interests or enact other penalties. If one of our strategic partners becomes subject to investigation, sanctions or liability, VimpelCom might be adversely affected. Furthermore, strategic partnerships in emerging markets are accompanied by risks inherent to those markets, such as an increased possibility of a partner defaulting on obligations, or losing a partner with important insights in that region. In addition, in Algeria and Laos our local partners are either government institutions or directly related to the local government which could increase our exposure to the risks described in “Risks Related to Our Markets—Investors in emerging markets, where most of our operations are located, 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”.

We are subject to investigations by the SEC, DOJ and OM, and are conducting an internal investigation. We are unable to predict the duration, scope or results of these investigations or their impact on us.

As previously disclosed, the SEC, DOJ and OM are conducting investigations related to VimpelCom, which have been focused primarily on our prior dealings with Takilant Ltd. (“Takilant”).

In June 2007, Takilant purchased from us a 7% interest in our business in Uzbekistan for US\$20.0 million and entered into a shareholders agreement with us. In September 2009, Takilant exercised its option to put its 7% interest to us for US\$57.5 million, an amount specified in the shareholders agreement. In addition, we had agreements with Takilant relating to the acquisition of frequency spectrum (including with respect to 3G and LTE) and channels in Uzbekistan pursuant to which we paid Takilant an aggregate of US\$57.0 million.

It has also been reported in the press that Takilant is currently being investigated in Sweden and Switzerland on allegations that it and certain persons associated with it have committed acts of bribery and money-laundering connected with their activities in Uzbekistan, and also that Takilant is being investigated in the Netherlands and perhaps other jurisdictions. These investigations may, in part, involve us.

As a result of concerns arising from press reports regarding Takilant, we commenced a review with respect to our operations in Uzbekistan, including our relations with Takilant, and in 2013 we retained external counsel with expertise relating to the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws and regulations to conduct such review.

Following notice of the investigations by the SEC, DOJ and OM, we established a Special Committee of the Supervisory Board in March 2014 to oversee the internal investigation being conducted by the company’s external counsel and our response to the inquiries by various authorities. The Special Committee consists of directors who qualify as independent for purposes of Rule 10A-3 under the Exchange Act. The investigation being conducted by the company’s external counsel has been focused primarily on our Uzbekistan operations, including our relations with Takilant, and whether there was any conduct in our operations in Uzbekistan that may have violated the anti-bribery provisions of the FCPA, the FCPA’s books and records and internal controls provisions, applicable local laws and/or our own internal policies. The investigation is also reviewing our operations in additional countries.

We expect to continue incurring costs related to the investigations, primarily professional fees and expenses, which may be significant. These costs relate to responding to requests for information, testimony and other information in connection with the investigations and in conducting the internal investigation, and we cannot predict at this time the ultimate amount of all such costs. These matters may require the involvement of certain members of our senior management that could impinge on the time they have available to devote to other matters relating to the business. We may also see ongoing media and governmental interest in these matters that could impact the perception of us and result in reputational harm to our company. The investigations have received media attention in a number of jurisdictions, and parliamentary hearings held by the Norwegian Government have addressed the investigations.

The SEC, DOJ and Dutch investigations, as well as our own investigations, are continuing, and we have cooperated, and continue to cooperate, with the authorities in these investigations. We are also exploring the prospect of resolving the company's potential liabilities arising from the facts established in the investigations. We are unable to predict the duration, scope or results of the ongoing investigations or how the results of these investigations or any resolutions may impact our business, results of operations, financial condition, or the assessment of our internal controls. Further, there can be no assurance that such investigations will not be broader in scope than they currently appear, or that new investigations will not be commenced in these or other jurisdictions, or that there will not be litigation commenced against us.

One or more enforcement actions could be instituted in respect of the matters that are the subject of some or all of the investigations. The DOJ and SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations including, but not limited to, judgments, settlements, injunctive relief, debarment or other relief, disgorgement, fines, penalties, modifications to business practices, including the termination or modification of existing business relationships, the imposition of compliance programs and the retention of a monitor to oversee compliance with the FCPA, and criminal convictions and/or penalties. The OM and enforcement authorities in other jurisdictions also have a range of sanctions under the relevant laws and regulations. There can be no assurance that any investigation will not conclude that a violation of applicable law has occurred. The imposition of any of these sanctions or remedial measures could have a material adverse effect on our business or financial condition.

For more information on the risks associated with anti-corruption laws, see “—Legal and Regulatory Risks—We are subject to anti-corruption laws” below.

Our strategic shareholders may pursue diverse development strategies, and this may hinder our ability to expand and/or compete in such regions and may lead to a deterioration in the relationship among our strategic shareholders.

Our company's largest shareholders, LetterOne Holdings S.A. (“LetterOne”) and Telenor ASA (“Telenor”), and their respective affiliates, beneficially own, in the aggregate, approximately 90.9% of our outstanding voting shares. As a result, these shareholders, if acting together, have the ability to determine the outcome of matters submitted to our shareholders for approval. These two shareholders have sufficient voting rights to jointly elect a majority of our supervisory board, and could alternatively enter into a shareholders or similar agreement impacting the composition of our supervisory board. A new supervisory board could take corporate actions or block corporate decisions by VimpelCom with respect to capital structure, financings, dispositions and acquisitions and commercial transactions that might not be in the best interest of the minority shareholders or other security holders.

In the past, our strategic shareholders have had different strategies from us and from one another and have engaged in litigation against one another and our company with respect to disagreements over strategy. In addition, in Pakistan and Bangladesh our subsidiaries directly compete with subsidiaries of Telenor and it is possible that we will compete with Telenor and/or LetterOne in other markets in the future.

We cannot assure you that our relationship with LetterOne and Telenor or LetterOne's and Telenor's relationship with one another will not deteriorate as a result of differing or competing business strategies, which could harm our business.

For more information on our largest shareholders, see "Item 7—Major Shareholders and Related Party Transactions—A. Major Shareholders" below.

Litigation and disputes among our two largest shareholders and us could materially affect our business.

In the past, our two largest shareholders have been involved in disputes and litigation regarding our group companies against one another and our company. Further disputes among our two largest shareholders and us could seriously harm our business, financial condition and results of operations.

For more information on our largest shareholders, see "Item 7—Major Shareholders and Related Party Transactions—A. Major Shareholders" below.

A disposition by one or both of our strategic shareholders of their respective stakes in VimpelCom or a change in control of VimpelCom could harm our business.

We derive benefits and resources from the participation of LetterOne and Telenor in our company. If LetterOne or Telenor were to dispose of its stake in our company, we would be deprived of those benefits, which could harm our business, financial condition, results of operations and prospects.

In addition, some of our debt agreements have "change of control" provisions that may require us to make a prepayment if certain parties acquire beneficial or legal ownership of or control over more than 50.0% of our shares. If such a change of control provision is triggered and we fail to make any required prepayment, we could trigger acceleration provisions of our debt agreements, making our obligations immediately due and payable. This could harm our business, financial condition and results of operations.

Risks Related to Our Industry

Our business is highly capital intensive and requires substantial and ongoing expenditures of capital.

Our business is highly capital intensive, as our success depends to a significant degree on our ability to keep pace with new developments in technology, to develop and market innovative products and to update our facilities and process technology, which may require additional capital expenditures in the future. The amount and timing of our capital requirements will depend on many factors, including acceptance of and demand for our products and services, the extent to which we invest in new technology and research and development projects, and the status and timing of competitive developments. If we do not have sufficient resources from our operations to finance necessary capital expenditures, we may be required to raise additional debt or equity financing, which may not be available when needed or on terms favorable to us or at all. If we are unable to obtain adequate funds on acceptable terms or at all, we may be unable to develop or enhance our products, take advantage of future opportunities or respond to competitive pressures, which could harm our business, financial condition, results of operations and prospects. For more information on future liquidity needs, see "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Future Liquidity and Capital Requirements."

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

Future revenue from our prepaid mobile customers, our primary source of revenue, and our contract mobile customers is unpredictable. We do not require our prepaid mobile customers 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 customers to enter into service contracts; however, many of these service contracts can be canceled by the customer with limited advance notice and without significant penalty. The loss of a larger number of customers than anticipated could result in a loss of a significant amount of expected revenue. Because we incur costs based on our expectations of future revenue, our failure to accurately predict revenue could harm our business, financial condition, results of operations and prospects.

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

The markets in which we operate are competitive in nature, and we expect that competition will continue to increase. Each of the items discussed immediately below regarding increased competition could materially harm our business, financial condition, results of operations and prospects.

- We cannot assure you that our revenue will grow in the future, as competition puts pressure on prices;
- With the increasing pace of technological developments, including in particular new digital technologies, and regulatory changes impacting our industry, future business drivers are increasingly difficult to predict, and we cannot assure you that we will adapt to these changes at a competitive pace;
- We may be forced to utilize more aggressive marketing schemes to retain existing customers and attract new ones, including lower tariffs, handset subsidies or increased dealer commissions;
- In more mature or saturated markets, such as Russia and Italy (see “Item 4—Information on the Company”) there are limits on the extent to which we can continue to grow our customer base;
- In such markets, the continued growth in our business and results of operations will depend, in part, on our ability to extract greater revenue from our existing customers, including through the expansion of data services and the introduction of next generation technologies, which may prove difficult to accomplish;
- As we expand the scope of our services, such as fixed-line residential and commercial broadband services, we may encounter a greater number of competitors who provide similar services;
- The liberalization of the regulations in areas in which we operate could greatly increase competition;
- Competitors may operate more cost effectively or have other competitive advantages such as greater resources, market presence and network coverage, brand name recognition, customer loyalty and goodwill and control over domestic transmission lines;
- Our competitors, particularly former state-controlled telecommunications service providers, may receive preferential treatment from the regulatory authorities and benefit from the resources of their shareholders;
- 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, and we cannot assure you that we will be able to forge similar relationships;
- Reduced demand for our core services of voice, messaging and data and the development of services by application developers (commonly referred to as “over the top” or OTT players) could significantly impact our future profitability; and
- Our existing service offerings could become disadvantaged as compared to those offered by converged competitors (who can offer combinations of fixed line, broadband, public Wi-Fi, TV and mobile).

For more information on the competition in our markets, see “Item 4—Information on the Company”.

We could experience customer database piracy or other database security breaches.

We may be exposed to database piracy or other database security breaches resulting in the leakage and unauthorized dissemination of personal information about our customers, which could impact our reputation, prompt lawsuits against us by individual and corporate customers, lead to violations of data protection laws and adverse actions by the telecommunications regulators and other authorities, lead to a loss in customers and hinder our ability to attract new customers. If severe customer data security breaches are detected, the regulatory authority can sanction our company, including suspending our operations for some time period and levying fines and penalties. Violation of data protection laws is a criminal offence in some countries, and individuals can be imprisoned or fined. In addition, we may be exposed to cyber-attacks, which could result in equipment failures or disruptions in our operations. Our inability to operate our fixed-line or wireless networks as a result of such events may result in significant expense or loss of market shares. These occurrences, individually or in the aggregate, could harm our business, financial condition, results of operations and prospects.

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

The telecommunications industry is characterized by rapidly evolving technology, industry standards and service demands, which may vary by country or geographic region. Accordingly, our future success will depend on our ability to adapt to the changing technological landscape and the regulation of standards utilizing these technologies. 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 in a timely manner or at all. We may not be able to meet all of these challenges in a timely and cost-effective manner.

In our markets, we operate or are considering developing third generation mobile technologies (“3G”) networks or fourth generation mobile technologies (“4G/LTE”) networks. New network development requires significant financial investments and there can be no assurance that we will be able to develop 3G or 4G/LTE networks on commercially reasonable terms, that we will not experience delays in developing our networks or that we will be able to meet all of the license terms and conditions imposed by the countries in which we operate or that we will be granted such licenses at all. In addition, penetration rates for 4G/LTE compatible devices may not currently support the cost of 4G/LTE development in certain markets, such as Russia, and such rates will need to increase to be commercially viable. If we experience substantial problems with our 3G or 4G/LTE services, or if we fail to introduce new services on a timely basis relative to our competitors, it may impair the success of such services, or delay or decrease revenue and profits and therefore may hinder recovery of our significant capital investments in 3G or 4G/LTE services as well as our growth.

Our ability to provide telecommunications services depends on access to local and long distance line capacity and the commercial terms of our interconnect agreements.

Our ability to secure and maintain interconnect agreements with other wireless and local, domestic and international fixed-line operators on cost-effective terms is critical to the economic viability of our operations. Interconnection is required to complete calls that originate on our respective networks but terminate outside of our respective networks, or that originate from outside our networks and terminate on our respective networks. A significant increase in our interconnection costs as a result of new regulations, commercial decisions by other fixed-line operators, increased inflation rates in the countries in which we operate or a lack of available line capacity for interconnection could harm our ability to provide services, which could in turn harm our business, financial condition, results of operations and prospects.

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

Our business depends on providing customers with reliability, capacity and security, which may be disrupted by computer viruses. 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 our customers' data and that a virus will not overload our network, causing significant harm to our operations. Also, in recent years, during installations of new software, we have experienced network service interruptions. In addition, our technological infrastructure is vulnerable to damage or disruptions from other numerous events, including natural disasters, military conflicts, power outages, terrorist acts, government shutdown orders, equipment or system failures, human error or intentional wrongdoings, including breaches of our network or information technology security.

The successful build-out and operation of our networks depends heavily on obtaining adequate supplies of switching equipment, radio access network solutions, base stations and other equipment on a timely basis.

In some regions, our equipment for provision of mobile services resides in a limited number of locations or buildings. Disruption to the security or operation of these locations or buildings could result in disruption of our mobile services in those regions.

Interruptions of services could harm our business reputation and reduce the confidence of our customers and consequently impair our ability to obtain and retain customers and could lead to a violation of the terms of our licenses, each of which could materially harm our business. In some of the markets in which we operate, we do not carry business interruption insurance to prevent against network disruptions.

We depend on third parties for certain services and products important to our business.

We rely on third parties for services and products important for our operations. We currently purchase our equipment from a small number of suppliers, principally Alcatel-Lucent, Cisco Systems, Comverse, Ericsson, Huawei and Nokia Solutions and Networks, although some of the equipment that we use is available from other suppliers. From time to time, we have experienced delays in receiving equipment. Our business could be materially harmed if we are unable to obtain adequate supplies or equipment from our suppliers in a timely manner and on reasonable terms.

Also, we may outsource all or a portion of our networks in certain markets in which we operate. For example, in late 2014 we entered into an agreement with MTS for joint planning, development and operation of 4G/LTE networks in 36 regions of Russia. In addition, in February 2015, our wholly-owned subsidiary, Wind Italy, entered into an agreement to sell 90% of Wind Italy's towers subsidiary, Galata, to Abertis Telecom and Wind Italy has a Tower Services Agreement with Galata for the provision of a broad range of services on the contributed sites and sites subsequently built by Galata hosting Wind Italy equipment. Our business could be materially harmed if our agreements with these parties were to terminate or if negative developments (financial, legal, regulatory or otherwise) regarding these parties, or a dispute between us and these parties, causes such parties to no longer be able to deliver the required services or otherwise fulfil their obligations under our agreements with them. For more information regarding these agreements, see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Network and Tower Sharing Agreements."

In addition, we rely on roaming partners to provide services to our customers while they are outside the countries in which we operate and on interconnect providers to complete calls that originate on our networks but terminate outside our networks, or that originate outside our networks and terminate on our networks. We also rely on handset providers to provide the smartphones used on our networks. In addition, many of our mobile products and services are sold to customers through retail channels. The third party retailers and dealers that we use to distribute and sell products are not under our control and may stop distributing or selling our products at any time or may more actively promote the products and services of our competitors. Should this occur with particularly important retailers or dealers, we may face difficulty in finding new retailers or sales dealers that can generate the same level of revenue. Any negative developments regarding the third parties on which we depend could have a materially adverse impact on our business, financial condition, results of operations and prospects.

Allegations of health risks related to the use of mobile telecommunication devices and base stations could harm our business.

There have been allegations that the use of certain mobile telecommunication devices and equipment may cause serious health risks. The actual or perceived health risks of mobile devices or equipment could diminish customer growth, reduce network usage per customer, spark product liability lawsuits or limit available financing. In addition, the actual or perceived health risks may result in increased regulation of network equipment. Each of these possibilities has the potential to seriously harm our business.

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

We regard our copyrights, service marks, 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 many of the markets in which 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. As the number of convergent product offerings and overlapping product functions increase, the possibility of intellectual property infringement claims against us may increase. Any such litigation may result in substantial costs and diversion of resources, and litigation outcomes could harm our business, financial condition or results of operations.

We depend on our senior management and other key personnel.

Our ability to maintain our competitive position and to implement our business strategy is dependent to a large degree on our senior management team and other key personnel. In the markets in which we operate, competition for personnel with relevant expertise is intense. The loss of our key personnel or an inability to attract, retain and motivate qualified key personnel could harm our business, financial condition, results of operations and prospects.

Legal and Regulatory Risks

We operate in a highly regulated industry and are subject to a large variety of laws and extensive regulatory requirements.

As a global telecommunications company that operates in a number of regulated markets, we are subject to different laws and regulations in each of the jurisdictions in which we provide services. Mobile, Internet, fixed-line, voice and data markets are all generally subject to extensive regulatory requirements, including strict licensing regimes, as well as anti-monopoly and consumer protection regulations. The applicable rules are generally subject to different interpretations and the relevant authorities may challenge the positions that we take. Regulations may be especially strict in the markets of those countries in which we are considered to hold a significant or dominant market position, including Russia, Italy, Algeria, Ukraine, Kazakhstan, Tajikistan, Armenia, Uzbekistan, Kyrgyzstan and Pakistan. Regulations could require us to reduce roaming prices and termination rates in mobile and/or fixed-line networks, require us to offer access to our network to other operators, and result in the imposition of fines if we fail to fulfill our service commitments. In some countries, we are required to obtain approval for offers and advertising campaigns, which can delay or thwart important business initiatives. We may also be required to obtain approvals for certain acquisitions, reorganizations or other transactions, and failure to obtain such approvals may impede or harm our business and our ability to expand our operations.

Laws and regulations in certain of the jurisdictions in which we operate oblige us to install surveillance equipment to ensure that our networks are capable of allowing the government to monitor data and voice traffic on our networks.

Any adverse regulations or regulatory actions could place significant competitive and pricing pressure on our operations and could harm our business, financial condition, results of operations and cash flow. For more information on the regulatory environment in which we operate, see Exhibit 99.2—Regulation of Telecommunications. For more information about the competition proceedings in which our subsidiaries are involved, see Note 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

We are subject to anti-corruption laws.

We are subject to a number of anti-corruption laws, including the FCPA and various other anti-corruption laws. Our failure to comply with anti-corruption laws applicable to us could result in penalties which could harm our reputation and harm our business, financial condition, results of operations and prospects. The FCPA generally prohibits companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits. The FCPA also requires public companies to maintain accurate books and records and devise a system of sufficient internal accounting controls. We regularly review and update our policies and procedures and internal controls designed to provide reasonable assurance that we, our employees, distributors and other intermediaries comply with the anti-corruption laws to which we are subject. However, there are inherent limitations to the effectiveness of any policies, procedures and internal controls, including the possibility of human error and the circumvention or overriding of the policies, procedures and internal controls. There can be no assurance that such policies or procedures or internal controls will work effectively at all times or protect us against liability under these or other laws for actions taken by our employees, distributors and other intermediaries with respect to our business or any businesses that we may acquire.

We operate in countries which pose elevated risks of corruption violations. If we are not in compliance with anti-corruption laws and other laws governing the conduct of business with government entities and/or officials (including local laws), we may be subject to criminal and civil penalties and other remedial measures, which could have an adverse impact on our business, financial condition, results of operations and prospects. Any investigation of any actual or alleged violations of such laws or policies by us or any governmental body could also have an adverse impact on our business, financial condition, results of operations and prospects.

Please also see “Risks Related to Our Business—We are subject to investigations by the SEC, DOJ and OM, and are conducting an internal investigation. We are unable to predict the duration, scope or results of these investigations or their impact on us.”

We may not be able to detect and prevent fraud or other misconduct by our employees, representatives, agents, suppliers or other third parties.

We may be exposed to fraud or other misconduct committed by our employees, representatives, agents, suppliers or other third parties that could subject us to litigation, financial losses and sanctions imposed by governmental authorities, as well as affect our reputation. Such misconduct could include misappropriating funds, conducting transactions that are outside of authorized limits, engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities, including in return for any type of benefits or gains or otherwise not complying with applicable laws or our internal policies and procedures.

We regularly review and update our policies and procedures and internal controls which are designed, inter alia, to provide reasonable assurance that we, our employees, representatives, agents, suppliers and other third parties comply with applicable law and our internal policies. Further, we conduct, as appropriate, assessments of, and due diligence on, our employees, representatives, agents, suppliers and other third parties. However, there

can be no assurance that such policies, procedures, internal controls and diligence will work effectively at all times or protect us against liability for actions of our employees, representatives, agents, suppliers or other third parties.

New or proposed changes to laws in the markets in which we operate may harm our business.

We are subject to a variety of national and local laws and regulations in the countries in which we do business. These laws and regulations apply to many aspects of our business. Violations of applicable laws or regulations could damage our reputation or result in regulatory or private actions with substantial penalties or damages. In addition, any significant change in such laws or regulations or their interpretation, or the introduction of higher standards or more stringent laws or regulations, could have an adverse impact on our business, financial condition, results of operations and prospects.

For example, in July 2014 Russia data processing laws were adopted which prohibit processing and storage of personal data on servers located outside of Russia as of September 2015. Violation of these laws by an operator may lead to a ban on the processing of personal data by such operator which in turn could lead to the inability to provide services to customers.

Following various terrorist attacks, the Government of Pakistan introduced Standard Operating Procedure (SOP) requiring all mobile operators to re-verify their entire prepaid unverified customer base through bio-metric verification. For our Pakistan operation this involves the re-verification of more than 38 million SIM cards. We may not be able to sign up any new customers during the verification process. SIM cards which cannot be verified must be blocked by the operators. Failure to comply with the SOP could result in significant fines, suspension of our license and possible criminal liability. In addition, if we incorrectly block legitimate customers we could also face claims from these customers. The SOP regarding re-verification could have an adverse impact on our business, financial condition, results of operations and prospects in Pakistan.

Following amendments to the Pakistan tax laws in mid-2014, a requirement was imposed on operators to charge, collect and pay sales tax on the provision of SIM cards and the activation of handsets. In the given competitive environment we would not be able to pass on this expense to customers. These taxes are still subject to ongoing litigation but, if implemented, could have an adverse impact on our business, financial condition, results of operations and prospects in Pakistan, which in turn could have an adverse impact on our group.

For a discussion of developments in the regulation of mobile termination rates affecting our business in Italy, and other important government regulations impacting our business, see Exhibit 99.2—Regulation of Telecommunications. For information on potential penalties for failure to identify SIM card users in Algeria, see Note 26 to our audited consolidated financial statements included elsewhere in this annual report on Form 20-F.

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

We are required to meet certain terms and conditions under our licenses (such as nationwide coverage and network build out requirements), including meeting certain conditions established by the legislation regulating the communications industry. 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 or comply with permits for the operation of our equipment, use of frequencies or additional licenses for broadcasting directly or through agreements with broadcasting companies, the applicable regulator could decide to levy fines, suspend, terminate or refuse to renew the license or permit. For example, a company in which we have an equity investment in Zimbabwe has received correspondence from local regulators regarding non-compliance with the terms of the company's license, in particular foreign ownership restrictions, which could result in termination of the license pending further discussion with the regulators.

The occurrence of any of these events could materially harm our ability to build out our networks in accordance with our plans and to retain and attract customers, could harm our reputation and could harm our

business, financial condition, results of operations or prospects. For more information on our licenses and their related requirements, please see the sections of this Annual Report on Form 20-F entitled “Item 4—Information on the Company—Description of Operations of the Russia Segment,” “—Description of Operations of the Italy Segment,” “—Description of Operations of the Algeria Segment,” “—Description of Operations of the Africa & Asia Segment,” “—Description of Operations of the Ukraine Segment,” and “—Description of Operations of the CIS Segment.”

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

Most of our licenses are granted for specified terms, and we can give you no assurance that any license will be renewed upon expiration. If renewed, our licenses may contain additional obligations, including payment obligations (which may involve a substantial renewal or extension fee), or may cover reduced service areas or scope of service. If our licenses for provision of telecommunications services are not renewed or are renewed on less favorable terms, our business could be materially harmed. For more information on our licenses, including their expiration dates, please see the section of this Annual Report on Form 20-F entitled “Item 4—Information on the Company—Description of Our Business.”

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

To establish and commercially launch a mobile telecommunications network, we need to receive, among other things, frequency allocations for bandwidths within the frequency spectrums in the regions in which we operate. There is a limited number of frequencies available for mobile operators in each of the regions in which we operate or hold licenses to operate. We are dependent on access to adequate frequency allocation in each such market in order to maintain and expand our customer base. In addition, frequency allocations may be issued for periods that are shorter than the terms of our licenses, and such allocations may not be renewed in a timely manner or at all. For instance, we have in the past been unable to obtain frequency allocations necessary to test or expand our networks in Russia. If our frequencies are revoked or we are unable to renew our frequency allocations or obtain new frequencies to allow us to provide mobile services on a commercially feasible basis, our network capacity and our ability to provide mobile services would be constrained and our ability to expand would be limited, which could harm our business, financial condition, results of operations and prospects.

We may be subject to increases in payments for frequency allocations under the terms of some of our licenses.

Legislation in many countries in which we operate, including Russia, requires that we make payments for frequency spectrum usage. As a whole, the fees for all available frequency assignments have been significant. Any significant increase in the fees payable for the frequencies that we use or for additional frequencies that we need could have a negative effect on our financial results. We cannot assure you that the fees we pay for radio-frequency spectrum use will not increase, and any such increase could harm our business, financial condition, results of operations and prospects. For more information on the payment requirements relating to frequency allocation, see Exhibit 99.2—Regulation of Telecommunications.

It may not be possible for us to procure in a timely manner the permissions and registrations required for our telecommunications equipment.

The laws of the countries in which we operate generally prohibit the operation of telecommunications equipment without a relevant permit from the appropriate regulatory body. Due to complex regulatory procedures, it is frequently not possible for us to procure in a timely manner the permissions and registrations required for our base stations, including construction permits and registration of our title to land plots underlying our base stations, or other aspects of our network before we put the base stations into operation, or to amend or maintain the permissions in a timely manner 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 are awaiting final permission to operate for indeterminate periods. This problem may be exacerbated if there are delays in issuing necessary permits.

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

We are involved in disputes and litigation with regulators, competitors and third parties.

We are party to lawsuits and other legal, regulatory and antitrust proceedings, the final outcome of which is uncertain. Litigation and regulatory proceedings are inherently unpredictable. For more information on these disputes, see Note 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. An adverse outcome in, or any settlement of, these or other proceedings (including any that may be asserted in the future) may harm our business, financial condition, results of operations and prospects.

We could be subject to tax claims that could harm our business.

Tax audits in the countries in which we operate are conducted regularly. We have been subject to substantial claims by tax authorities in Russia, Italy, Algeria, Egypt, Pakistan, Bangladesh, Ukraine, Kazakhstan, Armenia, Georgia, Uzbekistan and Tajikistan. These claims have resulted in additional payments, including fines and penalties, to the tax authorities. For more information regarding tax claims and their effects on our financial statements, see Note 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Although we are permitted to challenge in court the decisions of tax inspectorates, there can be no assurance that we will prevail in our litigation with tax inspectorates. 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 on the basis of different tax principles, that additional taxes are owed by us for prior or future tax years, or that the relevant governmental authorities will not decide to initiate a criminal investigation in connection with claims by tax inspectorates for prior tax years. The adverse resolution of these or other tax matters that may arise could harm our business, financial condition and results of operations.

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

The tax systems in the markets in which we operate may be unpredictable and give rise to significant uncertainties, which could complicate our tax planning and business decisions, especially in emerging markets in which we operate, where there is significant uncertainty relating to the interpretation and enforcement of tax laws. Any additional tax liability imposed on us by tax authorities in this manner, as well as any unforeseen changes in applicable tax laws or changes in the tax authorities' interpretations of the respective double tax treaties in effect could harm our future results of operations, cash flows or the amounts of dividends available for distribution to shareholders in a particular period. We may be required to accrue substantial amounts for contingent tax liabilities and the amounts accrued for tax contingencies may not be sufficient to meet any liability

we may ultimately face. From time to time, we may also identify tax contingencies for which we have not recorded an accrual. Such unaccrued tax contingencies could materialize and require us to pay additional amounts of tax.

Introduction of the new tax laws or the amendment of existing tax laws, such as laws relating to transfer pricing rules or the deduction of interest expenses in the markets in which we operate may increase the risk of adjustments being made by the tax authorities and, as a result, could have a material impact on our business, financial performance and results of operations.

Repeated tax audits and extension of liability beyond the limitation period may result in additional tax assessments.

Tax declarations together with related documentation are subject to review and investigation by a number of authorities, which are empowered to impose fines and penalties on taxpayers.

In Russia, for example, tax returns remain open and subject to inspection by tax and/or customs authorities for three calendar years immediately preceding the year in which the decision to conduct an audit is taken. Laws enacted in Russia in recent years increase the likelihood that our tax returns that were reviewed by tax authorities could be subject to further review or audit during or beyond the eligible three-year limitation period by a superior tax authority.

Tax audits may result in additional costs to our group if the relevant tax authorities conclude that entities of the group did not satisfy their tax obligations in any given year. Such audits may also impose additional burdens on our group by diverting the attention of management resources. The outcome of these audits could harm our business, financial condition, results of operations and prospects. Under such review the relevant tax authorities may conclude that we had significantly underpaid taxes relating to earlier periods, which could harm our business, financial condition, results of operations and prospects.

In addition, in recent years, the Russian tax authorities have aggressively brought tax evasion claims relating to Russian companies' use of tax-optimization schemes, and press reports have speculated that these enforcement actions have been selective and politically motivated.

CFC legislation in Italy and Russia could result in additional tax costs.

Italian legislation provides for taxation of foreign companies located in certain countries and territories with a privileged tax regime that are directly or indirectly controlled by Italian resident individuals, companies and entities. Foreign controlled companies which are resident outside the above mentioned countries may, also, be subject to taxation if generating passive income (e.g. interest, dividends, royalties, capital gains, etc.) and if their corporate tax in the country of establishment is lower than half of applicable tax in Italy. WIND Italy continues to analyze the possible application developments and interpretations of this legislation.

In 2014, new CFC (controlled foreign companies) tax legislation was introduced in Russia. According to the new legislation, affiliated foreign companies of OJSC VimpelCom may now be a subject to taxation in Russia, which could result in additional cost for the group. Moreover, during 2014 Russia ratified the Convention on Mutual Administrative Assistance in Tax Matters with the purpose of enacting wider cooperation with tax authorities in foreign tax jurisdictions.

WIND Italy may be subject to a deferral or to a limitation of the deduction of interest expenses in Italy.

For taxpayers like WIND Italy, Italian tax law permits the deduction of some interest expense up to a specified limit. A further deduction of interest expense is permitted up to an additional threshold, some of which may be carried forward to future years. Based on these rules, our subsidiary, WIND Italy, currently is not able to

deduct all of its interest expenses, though it is able to carry forward accrued and unused deductions to future fiscal years. Any future changes in current Italian tax laws or in their interpretation and/or any future limitation on the use of the foreign controlled entities may have an adverse impact on the deductibility of interest expenses for WIND Italy which, in turn, could harm VimpelCom's and WIND Italy's financial condition and results of operations.

We operate in uncertain judicial and regulatory environments.

In many of the emerging market countries where we operate, the application of the laws of any particular country is frequently unclear and may result in unpredictable judicial or regulatory outcomes.

The uncertain judicial and regulatory environments in which we operate could result in:

- 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 new or existing 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.

Laws restricting foreign investment could materially harm our business.

We could be materially harmed by existing laws restricting foreign investment or the adoption of new laws or regulations restricting foreign investment, including foreign investment in the telecommunications industry in Russia or other markets in which we operate.

For example, Russian legislation, named "Russian Foreign Investment Law," limits foreign investment in companies that are deemed to be strategic. Under the Russian Foreign Investment Law, a company operating in the telecommunications sector may be deemed strategic if it holds a dominant position in the Russian communications market (except for the Internet services market) or, in the case of fixed-line telecommunications, if the particular company's market covers five or more Russian regions or covers Russian cities of federal importance. With respect to mobile telecommunications, a company will be deemed to have a dominant position for purposes of application of the Russian Foreign Investment Law if its share of the Russian mobile telecommunications market exceeds 25.0%. The Government Commission on Control of Foreign Investments in the Russian Federation, or the "FAS", has previously determined that a group of persons consisting of OJSC VimpelCom and two of its Russian subsidiaries, one of which subsequently merged with and into OJSC VimpelCom, has a dominant position, because their share of the Russian mobile telecommunications market exceeds 25.0%. As a result, OJSC VimpelCom is deemed to be a strategic enterprise and, among other things, any acquisition by a foreign investor of direct or indirect control over more than 50.0% of its voting shares, or 25.0% in the case of a company controlled by a foreign government, requires the prior approval of the Russian authorities pursuant to the Russian Foreign Investment Law. In the event of any future transactions resulting in the acquisition by a foreign investor of direct or indirect control over OJSC VimpelCom, such a transaction will require prior approval in accordance with the Russian Foreign Investment Law.

Additionally, under Russian law, companies controlled by foreign governments are prohibited from acquiring control over strategic enterprises and the FAS has challenged acquisitions of our shares in the past. As a result, our ability to obtain financing from foreign investors may be limited, should prior approval be refused, delayed or require foreign investors to comply with certain conditions imposed by FAS, which could materially harm our business, financial condition, results of operations and prospects.

Risks Related to Our Markets

The international economic environment could cause our business to decline.

After late 2008, the economies in our markets were adversely affected by the international economic crisis, and economies in markets in which we operate continue to suffer. Among other things, the crisis led to a slowdown in gross domestic product growth, increase of inflation, devaluations of the currencies in Russia and other markets in which we operate and a decrease in commodity prices. The timing of a return to sustained economic growth and consistently positive economic trends is difficult to predict. The recessionary effects, debt crisis and Euro crisis in Europe continue to pose potentially significant macroeconomic risks to our group. In addition, because Russia, Kazakhstan and Algeria, currently three of our larger markets, produce and export large amounts of oil, their economies are particularly vulnerable to fluctuations in the price of oil on the world market. Since June 2014, global oil prices have been falling and are currently at very low levels for recent times. Moreover, economic sanctions imposed in 2014 and 2015 are impacting Russia. Low oil prices, together with the impact of economic sanctions and the significant devaluation of the ruble, are negatively impacting the Russian economic outlook. The current difficult economic environment and any future downturns in the economies of markets in which we operate or may operate in the future could diminish demand for our services, increase our costs, constrain our ability to retain existing customers and collect payments from them and prevent us from executing our growth strategy. Adverse economic conditions could also hurt our liquidity and prevent us from obtaining financing needed to fund our development strategy, to take advantage of future opportunities to respond to competitive pressures, to refinance existing indebtedness or to meet unexpected financial requirements, which could harm our business, financial condition, results of operations and prospects.

A deterioration in macroeconomic conditions in the countries in which we operate and/or a significant difference between the performance of an acquired company and the business case assumed at the time of acquisition could require us to write down the value of the goodwill. In addition, the different possible developments as a result of a financial and economic crisis, in particular related to customer behavior, competition reaction in this environment in terms of offers and pricing or in response to new entrants, regulatory adjustments in relation to reductions in consumer prices and our ability to adjust costs and investments in keeping with possible changes in revenue may adversely affect our forecasts and lead to a write-down in tangible and intangible assets.

A write-down in tangible and intangible assets could impact covenants under our debt agreements and could harm our business, financial condition, results of operations and prospects. For further information on the impairment of tangible and intangible assets and recoverable amounts (particularly key assumptions and sensitivity), see Note 10 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Our operations may be adversely affected by ongoing developments in Ukraine.

The current situation in Ukraine along with the response to this situation by the governments of Russia, the United States, member states of the European Union, the European Union itself and other nations, have the potential to materially adversely affect our business in Russia and Ukraine, markets in which we have significant operations, which in turn could have a materially adverse effect on our business, financial condition, results of operations and prospects.

In connection with the current situation in Ukraine, the United States, the European Union and a number of countries have imposed (i) sanctions that block the property of certain designated Russian, Crimean and Ukrainian businesses, organizations and individual persons, (ii) sectoral sanctions that prohibit certain types of transactions with specifically designated businesses operating in certain sectors of the Russian economy, currently financial services, energy, and defense, and (iii) territorial sanctions restricting investment in and trade with Crimea. In addition, the U.S. and EU have implemented certain export control restrictions related to

Russia's energy sector and military capabilities. Russia has responded with certain countermeasures, currently including limiting the import of certain goods from the United States and other countries, and imposing visa bans on certain persons, and can restrict the ability of Russian companies to comply with sanctions imposed by other nations.

Recent concerns related to Ukraine have prompted calls for increasing levels of sanctions, export controls and other measures impacting Russia. Further sanctions, export controls and/or other measures, including sanctions on additional persons or businesses (including vendors, joint venture and business partners, affiliates and financial institutions) imposed by the United States, the European Union, and/or other countries, could materially adversely affect our business, financial condition, results of operations and prospects.

The status of the Crimea and the situation in Eastern Ukraine has resulted, and may in the future result, in damage or loss of assets, disruption of our services, and regulatory issues, the resolution of which may adversely impact our group. In addition, if there were an extended continuation or an increase in conflict in Ukraine or in the region, it could result in further instability and/or worsening of the overall political and economic situation in Ukraine, Russia, Europe or in the global capital markets generally, which could impact our group. Moreover, the instability in the region, economic sanctions and related measures, and other geopolitical developments could materially harm market conditions, our business, financial condition, results of operations and prospects. In particular, we could be materially adversely impacted by a continued decline of the ruble against the U.S. Dollar or the Euro exchange rates and the general economic performance of Russia.

Investors in emerging markets, where most of our operations are located, 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.

Most of our operations are in emerging markets. 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 and rapid reversal of political and economic policies on which we depend. Political and economic relations among the countries in which we operate (including Russia and Ukraine) are often complex and have resulted, and may in the future result, in conflicts, which may materially harm our business, financial condition and results of operation. In addition, emerging economies are subject to rapid change and the information set out in this Annual Report on Form 20-F may become outdated relatively quickly. The economies of emerging markets 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 harm the purchasing power of our customers and, consequently, our business.

Many of the emerging markets in which we operate are susceptible to significant social unrest or military conflicts. In some of the countries in which we operate, the local authorities may order our subsidiaries to temporarily shut down their entire network or part or all of our networks may be shut down due to actions relating to military conflicts or nationwide strikes. For example, in 2014, our subsidiary in Pakistan was ordered to shut down parts of its mobile network and services on a regular basis. Also, our subsidiary in Bangladesh was forced to shut down its network on a number of occasions due to nationwide strikes. In addition, following actions arising from the situation in Ukraine, our subsidiary in Ukraine shut down its network in Crimea in 2014 as well as a portion of its network in Eastern Ukraine temporarily in 2015. In addition, local governments or other factions could make inappropriate use of our network and force us to broadcast propaganda or illegal instructions to our customers. Forced shutdowns or inappropriate use of our network in the countries where we have operations could materially harm our business, reputation, financial condition, results of operations and prospects.

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.

Sustained periods of high inflation may materially harm our business.

The countries in which we operate have experienced periods of high levels of inflation, including certain cases of hyperinflation.

Our profit margins could be harmed if we are unable to sufficiently increase our prices to offset any significant future increase in the inflation rate, which may be difficult with our mass market customers and our price sensitive customer base. Inflationary pressure in the countries where we have operations could materially harm our business, financial condition, results of operations and prospects.

Social instability in the countries where we operate could lead to increased support for centralized authority and a rise in nationalism, which could harm our business.

Social instability in the countries in which we operate, 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 nationalization, expropriation or other seizure of certain assets or businesses. In most of the countries in which we operate, 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 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, which could materially adversely affect the investment environment in the countries in which we operate.

The physical infrastructure in many countries in which we operate is in poor condition and further deterioration in the physical infrastructure could harm our business.

In many countries in which we operate the physical infrastructure, including transportation networks, power generation and transmission and communications systems, is in poor condition. In some of the countries in which we operate, including Ukraine, the physical infrastructure has been damaged by military conflict. In some of the countries in which we operate, including Russia, the public switched telephone networks have reached capacity limits and need modernization, which may inconvenience our customers and will require us to make additional capital expenditures. In addition, continued growth in local, long-distance and international traffic, including that generated by our customers, and development in the types of services provided may require substantial investment in public switched telephone networks. Any efforts to modernize infrastructure may result in increased charges and tariffs, potentially adding costs to our business. The deterioration of the physical infrastructure harms the economies of these countries, disrupts the transportation of goods and supplies, adds costs to doing business and can interrupt business operations. Further deterioration in the physical infrastructure in many of the countries in which we operate could harm our business.

The banking systems in many countries in which we operate remain underdeveloped, there are a limited number of creditworthy banks in these countries with which our company can conduct business and currency control requirements restrict activities in certain markets in which we have operations.

The banking and other financial systems in many countries in which we operate are not well developed or regulated, and laws relating to banks and bank accounts are subject to varying interpretations and inconsistent

applications. We have attempted to mitigate our banking risk by receiving and holding funds with the most creditworthy banks available in each country. However, in the event of a banking crisis in any of these countries or the bankruptcy or insolvency of the banks from which we receive, or with which we hold, our funds could result in the loss of our deposits or negatively affect our ability to complete banking transactions in these countries, which could harm our business, financial condition and results of operations.

In addition, central banks and governments in the markets in which we operate may restrict or prevent international transfers or impose (foreign) currency restrictions which could prevent us from making payments, including the repatriation of dividends. This could harm the business condition of our local operations.

Risks Related to the Ownership of our ADSs

The possible sale of additional shares could adversely affect the market price of our ADSs.

There are currently 305,000,000 VimpelCom convertible preferred shares outstanding which may be converted into VimpelCom common shares at the option of the shareholder (presently Telenor) any time between October 15, 2013 and April 15, 2016 at a price based on the NASDAQ price of VimpelCom ADSs. If convertible preferred shares are converted into common shares they will also become available for trading in the public market, subject to certain limitations under U.S. securities laws. The sale of any of the VimpelCom shares on the public markets or the perception that such sales may occur, commonly called “market overhang,” may adversely affect the market for, and the market price of, VimpelCom’s ADSs.

Various factors may hinder the declaration and payment of dividends.

The payment of dividends is subject to the discretion of VimpelCom’s supervisory board and VimpelCom’s assets consist primarily of investments in its operating subsidiaries. In 2014, the VimpelCom supervisory board approved a new dividend policy that reduced the annual dividend target to US\$0.035 per share. Various factors may cause the supervisory board to determine not to pay dividends or not to increase dividends from current levels. Such factors include VimpelCom’s financial condition, its earnings and cash flows, its leverage, its capital requirements, contractual restrictions, legal proceedings and such other factors as VimpelCom’s supervisory board may consider relevant. For more information on our policy regarding dividends, see “Item 8—Financial Information—Policy on Dividend Distributions.” See also “Risks Related to Our Business—As a holding company, VimpelCom depends on the performance of its subsidiaries” and “—Our strategic partnerships and relationships carry inherent business risks.”

VimpelCom is a Bermuda company governed by Bermuda law, which may affect your rights as a shareholder or holder of ADSs.

VimpelCom is a Bermuda exempted company. As a result, the rights of VimpelCom’s shareholders are governed by Bermuda law and by VimpelCom’s bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. In addition, holders of ADSs do not have the same rights under Bermuda law and VimpelCom’s bye-laws as registered holders of VimpelCom’s shares. Substantially all of our assets are located outside the United States. It may be difficult for investors to enforce in the United States judgments obtained in U.S. courts against VimpelCom or its directors and executive officers based on civil liability provisions of the U.S. securities laws. Uncertainty exists as to whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the United States, under the securities laws of those jurisdictions, or entertain actions in Bermuda under the securities laws of other jurisdictions.

We are not subject to certain corporate governance requirements under the NASDAQ rules.

Our ADSs are listed on the NASDAQ Global Select Market; however, as a Bermuda company, we are permitted to follow “home country practice” in lieu of certain corporate governance provisions under the NASDAQ listing rules that are applicable to a U.S. company. The primary difference between our corporate governance practices and the NASDAQ rules relates to NASDAQ listing rule 5605(b)(1), which provides that each U.S. company listed on NASDAQ must have a majority of independent directors, as defined in the NASDAQ rules. Bermuda corporate law does not require that we have a majority of independent directors. As a foreign private issuer, we are exempt from complying from this NASDAQ requirement, and we do not have a majority of independent directors, as defined in the NASDAQ rules. Accordingly, you will not have the same protections as are afforded to shareholders of companies that are subject to all of the NASDAQ corporate governance requirements. For more information on the significant differences between our corporate governance practices and those followed by U.S. companies under the NASDAQ listing rules, see the section of this Annual Report on Form 20-F entitled “Item 16G—Corporate Governance.”

ITEM 4. Information on the Company

Overview

VimpelCom is a leading global provider of telecommunications services in 14 countries and is headquartered in Amsterdam. The company provides voice and data services through a range of traditional and broadband mobile and fixed-line technologies. The VimpelCom Group operates in Italy and emerging markets, which include companies operating in Russia, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, Armenia, Georgia, Kyrgyzstan, Laos, Algeria, Bangladesh, and Pakistan. The operations of these companies cover a territory with a total population of approximately 740 million as of December 31, 2014. We provide services under the “Beeline,” “Kyivstar,” “banglalink,” “Mobilink,” “Djezzy,” “WIND” and “Infostrada” brands. As of December 31, 2014, we had 222 million mobile customers and 56,024 employees. For a breakdown of total revenue by category of activity and geographic segments for each of the last three financial years, see “Item 5—Operating and Financial Review and Prospects.”

VimpelCom Ltd. is an exempted company limited by shares registered under the Companies Act 1981 of Bermuda on June 5, 2009, and our registered office is located at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. The VimpelCom Group’s headquarters are located at Claude Debussylaan 88, 1082 MD, Amsterdam, the Netherlands. Our telephone number is +31 20 797 7200. VimpelCom Ltd. is registered with the Dutch Trade Register (registration number 34374835) as a company formally registered abroad (*formeel buitenlandse kapitaalvennootschap*), as this term is referred to in the Dutch Companies Formally Registered Abroad Act (*Wet op de formeel buitenlandse vennootschappen*), which means that we are deemed a Dutch resident company for tax purposes in accordance with applicable Dutch tax regulations.

History and Development

Our predecessor OJSC VimpelCom was founded in 1992. Since then, VimpelCom has a rich history of adapting to shifts in the marketplace. Prior to 2014, VimpelCom focused on development and expansion throughout Russia and the CIS, then into Asia, Europe and Africa through a combination of organic growth and acquisitions. More recently, VimpelCom has turned its focus to enhancing its operations in its core markets and investing in high-speed networks.

The most significant events in the development of our business include the following:

- In November 1996, our predecessor OJSC VimpelCom became the first Russian company since 1903 to list shares on the NYSE.
- Telenor, Norway’s leading telecommunications company became a strategic partner in OJSC VimpelCom in December 1998 and the Alfa Group Consortium (“Alfa Group”) acquired strategic ownership interests in 2001.

- VimpelCom began its expansion into the CIS by acquiring local operators or entering into joint ventures with local partners in Kazakhstan (2004), Ukraine (2005), Tajikistan (2005), Uzbekistan (2006), Georgia and Armenia (2006).
- In 2009 and 2010, Telenor ASA, the parent company of the Telenor Group, and Altimio Holdings & Investments Ltd. (“Altimio Holdings”), which is now held by LetterOne, combined their ownership of OJSC VimpelCom and Ukrainian mobile operator Kyivstar under a new company called VimpelCom Ltd. (a combination we refer to as the “VimpelCom Ltd. Transaction” in this Annual Report on Form 20-F). The new headquarters were established in Amsterdam.
- In 2011, VimpelCom completed the acquisition of Wind Telecom S.p.A., an international provider of mobile and fixed-line telecommunications and Internet services with operations in a number of countries including Italy, Algeria, Bangladesh and Pakistan.
- On September 10, 2013, VimpelCom switched the listing of its ADSs to the NASDAQ Global Stock Market from the NYSE. On October 29, 2013, VimpelCom achieved another major milestone with its inclusion in the NASDAQ-100® Index.

Our capital expenditures include purchases of licenses, new equipment, new construction, upgrades, software, other long-lived assets and related reasonable costs incurred prior to intended use of the non-current assets, accounted at the earliest event of advance payment or delivery. Long-lived assets acquired in business combinations are not included in capital expenditures. For more information on our principal capital investments and investing activities, including acquisitions and divestitures of interests in other companies, and method of financing, see the sections entitled “Item 5—Operating and Financial Review and Prospects—Factors Affecting Comparability of Prior Periods” and “—Liquidity and Capital Resources—Investing Activities” and “Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Future Liquidity and Capital Requirements.”

Leadership

In 2014 and the beginning of 2015, VimpelCom made a number of strategic management appointments to lead the company in its next phase of development. New appointments included:

- Jean-Yves Charlier as Group Chief Executive Officer effective April 13, 2015;
- Scott Dresser as Group General Counsel;
- Yogesh Malik as Group Chief Technology Officer;
- Jeremy Roffe-Vidal as Group Chief Human Resources Officer;
- Rozzyn Boy as Chief Communications Officer;
- Jeffrey Hedberg as CEO of Mobilink in Pakistan;
- Peter Chernyshov as CEO of Kyivstar in Ukraine;
- Vincenzo Nesci as Head of Africa & Asia and CEO of Global Telecom Holdings; and
- Andrey Patoka as Head of CIS.

In addition, Enrique Aznar, our Group Chief Compliance Officer, was appointed to our management board in 2014.

For more information on our directors and senior management, see “Item 6—Directors, Senior Management and Employees—A. Directors and Senior Management” below.

Organizational Structure

VimpelCom Ltd. is the holding company for a number of operating subsidiaries and holding companies in various jurisdictions. Our reporting structure in 2014 is divided into the five following business units, all of which report to our headquarters in Amsterdam:

- Russia;
- Italy;
- Africa & Asia;
- Ukraine; and
- the Commonwealth of Independent States (or “CIS”).

Notwithstanding the foregoing, in accordance with accounting rules, we disclose six reportable segments, based on economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. Accordingly, our reportable segments consist of the six following segments:

- Russia;
- Italy;
- Algeria;
- Africa & Asia;
- Ukraine; and
- the Commonwealth of Independent States (or “CIS”).

The table below sets forth our operating companies and significant subsidiaries, including those subsidiaries that hold our principal telecommunications licenses, and our percentage ownership interest, direct and indirect, in each subsidiary as of March 1, 2015. Except as otherwise indicated, our percentage ownership interest is identical to our voting power in each of the subsidiaries.

Subsidiary	Country of Incorporation	Percentage Ownership Interest (Direct and Indirect)
VimpelCom Amsterdam B.V.	Netherlands	100%
VimpelCom Holdings B.V.	Netherlands	100% ⁽¹⁾
Wind Telecom S.p.A.	Italy	100% ⁽²⁾
WIND Acquisition Holdings Finance S.p.A.	Italy	100% ⁽³⁾
WIND Telecomunicazioni S.p.A.	Italy	100% ⁽⁴⁾
WIND Retail S.r.l.	Italy	100% ⁽⁵⁾
OJSC VimpelCom	Russia	100% ⁽⁶⁾
“Kyivstar” PJSC	Ukraine	100% ⁽⁷⁾
Limnotex Developments Limited	Cyprus	71.5% ⁽⁸⁾
LLP “KaR-Tel”	Kazakhstan	71.5% ⁽⁹⁾
LLP “2 Day Telecom”	Kazakhstan	59% ⁽¹⁰⁾
LLP “TNS-Plus”	Kazakhstan	49% ⁽¹¹⁾
LLC “Tacom”	Tajikistan	98.0% ⁽¹²⁾
LLC “Golden Telecom”	Ukraine	100% ⁽¹³⁾
LLC “Unitel”	Uzbekistan	100% ⁽¹⁴⁾
LLC “Mobitel”	Georgia	80.0% ⁽¹⁵⁾
CJSC “ArmenTel”	Armenia	100% ⁽¹⁶⁾
LLC “Sky Mobile”	Kyrgyzstan	71.5% ⁽¹⁷⁾
VimpelCom Lao Co. Ltd.	Lao PDR	78.0% ⁽¹⁸⁾
Weather Capital S.à r.l.	Luxembourg	100% ⁽¹⁹⁾
Weather Capital Special Purpose 1 S.A.	Luxembourg	100% ⁽²⁰⁾
Global Telecom Holding S.A.E.	Egypt	51.9% ⁽²¹⁾
Omnium Telecom Algeria S.p.A.	Algeria	23.7% ⁽²²⁾
Pakistan Mobile Communications Limited	Pakistan	51.9% ⁽²³⁾
Banglalink Digital Communications Limited	Bangladesh	51.9% ⁽²⁴⁾

- (1) VimpelCom Amsterdam B.V. holds 100% directly.
- (2) 100% of the share capital of Wind Telecom S.p.A. is owned by VimpelCom Amsterdam B.V.
- (3) 100% of the share capital of WIND Acquisition Holdings Finance S.p.A. is owned by Wind Telecom S.p.A.
- (4) WIND Acquisition Holdings Finance S.p.A. owns 100% directly.
- (5) WIND Telecomunicazioni S.p.A. owns 100% directly.
- (6) VimpelCom Holdings B.V. holds 100% minus one share directly. VimpelCom Ltd. holds one share directly.
- (7) VimpelCom Ltd. holds 99.9961% of the outstanding shares in Kyivstar, through its direct ownership of 0.0039% and indirect ownership of 73.8038%. Kyivstar holds 26.1922% of its own shares.
- (8) OJSC VimpelCom holds 71.5% indirectly through a wholly owned holding company.
- (9) Limnotex Developments Limited holds 100% directly.
- (10) OJSC VimpelCom holds 59% indirectly through a number of subsidiaries.
- (11) VimpelCom Holdings B.V. holds 49% indirectly through wholly owned Dutch and Kazakh holding companies.
- (12) VimpelCom Holdings B.V. holds 98.0% indirectly through a wholly owned BVI holding company.
- (13) Kyivstar holds 100% directly.
- (14) OJSC VimpelCom holds 100% indirectly through wholly owned Dutch and BVI holding companies.
- (15) VimpelCom Holdings B.V. holds 80.0% indirectly through a number of wholly owned subsidiaries.
- (16) OJSC VimpelCom owns 100% directly.
- (17) Limnotex Developments Limited holds 100% through its wholly owned Cypriot subsidiary.
- (18) OJSC VimpelCom holds 78.0% indirectly through two wholly owned Dutch holding companies.
- (19) Wind Telecom S.p.A. owns 100% directly.
- (20) Weather Capital S.à r.l. owns 100% directly.

- (21) Weather Capital S.à r.l. holds 1.92% directly and Weather Capital Special Purpose 1 S.A. holds 50.00% plus one share directly.
(22) Global Telecom Holding S.A.E. holds 45.6% directly and indirectly through two wholly owned Maltese subsidiaries. See “Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends —Algeria Transaction and Settlement.”
(23) Global Telecom Holding S.A.E. holds 100% indirectly through two wholly owned Maltese subsidiaries.
(24) Global Telecom Holding S.A.E. holds 99.9% indirectly through a Maltese subsidiary.

Description of Our Business

Our Mobile Telecommunications Business

The table below presents the mobile telecommunications services we offer to our customers and a breakdown of pre-paid and post-paid subscriptions as of December 31, 2014.

Mobile Service Description	Russia	Italy	Algeria	Africa & Asia	Ukraine	CIS
<i>Mobile telecommunications services under contract and prepaid plans for both corporate and consumer segments</i>	<i>Pre-Paid</i> 92%	<i>Pre-Paid</i> 93%	<i>Pre-Paid</i> 94.7%	<i>Pre-Paid</i> 96.3%	<i>Pre-Paid</i> 90.9%	<i>Pre-Paid</i> 98%
	<i>Post-Paid</i> 8%	<i>Post-Paid</i> 7%	<i>Post-Paid</i> 5.3%	<i>Post-Paid</i> 3.7%	<i>Post-Paid</i> 9.1%	<i>Post-Paid</i> 2%
<i>Value added and call completion services</i> ⁽¹⁾	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>National and international roaming services</i> ⁽²⁾	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>Wireless Internet access</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>Mobile financial services</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>
<i>Mobile bundles</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>

- (1) Value added services include messaging services, content/infotainment services, data access services, financial value added services, location based services, media, and content delivery channels.
(2) Access to both national and international roaming services allows our customers and customers of other mobile operators to receive and make international, local and long distance calls while outside of their home network.

Our Fixed-line Telecommunications and Our Fixed-line Internet Business

We offer voice, data and Internet services to corporations, operators and consumers using a metropolitan overlay network in major cities throughout Russia, Italy, Ukraine and the CIS. In Italy, we also use LLU, which allows us to use connections from Telecom Italia’s local exchanges to the customer’s premises.

In our fixed-line/mobile integrated business structure in Russia, Ukraine and the CIS, fixed-line telecommunications use inter-city fiber optic and satellite-based networks.

In Italy, our fixed-line business uses an integrated network infrastructure with 21,744 kilometers of fiber optic cable backbone and 1,458 LLU sites for direct customer connections.

In Africa & Asia, our fixed-line business is limited to our operations in Pakistan. Our fixed-line business in Pakistan includes internet, data and value added services over a wide range of access media, covering major cities of Pakistan.

Fixed-Line Service Description	Russia	Italy	Algeria	Africa & Asia	Ukraine	CIS
<i>Business and Corporate Services, providing a wide range of telecommunications and information technology and data center services to companies and high-end residential buildings</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>	<i>Yes</i>
<i>Carrier and Operator Services, which provide consolidated management of our relationship with other carriers and operators. The two main areas of focus in this line of business are:</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>	<i>No</i>
<ul style="list-style-type: none"> • <i>generating revenue by provisioning a specific range of telecommunications services to other mobile and fixed-line operators and ISPs in Russia and worldwide; and</i> • <i>optimizing costs and ensuring the quality of our long distance voice, Internet and data services to and from customers of other telecommunications operators and service providers worldwide by means of interconnection agreements</i> 						
<i>Consumer Internet Services, which provide fixed-line telephony, Internet access and home phone services (on a VoIP and copper wire basis)</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>Consumer Voice Offerings</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>
<i>Corporate Voice Offerings, which provide fixed-line voice services, data services, value added services and connectivity services to corporate customers, including large corporate customers, SMEs and SOHOs</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
<i>Internet and Data Services, which provide Internet and data transmission services to both consumer and corporate customers</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>

For a description of our operations in each of our six reportable segments, see the sections entitled “—Description of Operations of the Russia Segment,” “—Description of Operations of the Italy Segment,” “—Description of Operations of the Algeria Segment,” “—Description of Operations of the Africa & Asia Segment,” “—Description of Operations of the Ukraine Segment” and “—Description of Operations of the CIS Segment.”

Strategy

VimpelCom’s strategy focuses on customer excellence, capital efficiency, operating excellence and profitable growth. Our businesses combine mature, strong cash-generating companies with emerging growth opportunities in a number of regions. We combine strong positions in mobile businesses with a selective presence in fixed-line, which we expect will further support our growth strategy as mobile services continue to expand across our markets.

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

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

This broader view of the business provides the basis for our strategy, which is based on local empowerment and starts with the company's 222 million mobile customers and 56,024 employees as of December 31, 2014. Our focus remains on delivering excellence to our customers. We have created a passionate, performance oriented culture with a key focus on operations and execution at the business unit level. At the Group level, we remain a lean organization focused on value creation through performance management, portfolio management, financial structure optimization, and shared services, such as roaming and procurement.

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

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

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

- We consider our emerging markets Russia, Ukraine, CIS, Bangladesh, Pakistan and Algeria. These markets each have significant growth potential for mobile data and in Bangladesh, Pakistan, Algeria and CIS have a large potential for customer base growth and high revenue growth from relatively low penetration. In these markets, we will seek to leverage our knowledge and experience across our

emerging markets footprint and in our more mature market in Italy to capture this growth. In most of these emerging markets, we have and will continue to deploy capital in the networks to capture the growth potential from increased penetration and mobile data growth.

- In Italy, a large and mature market, we are focused on sustaining strong cash flow generation. We are also focused on deleveraging the business. The market is highly penetrated, but has potential for broadband growth in mobile. Here, we will remain focused on reinforcing our solid market position and continue to invest in our mobile data network. The Italian business is strong and fully self-financing, with debt being non-recourse to the rest of the VimpelCom Group.
- Finally, as for our remaining asset portfolio, in 2014 we continued to focus on optimizing and we sold our interest in Telecel Globe Limited, which owned 100% of each of U-COM in Burundi and Telecel CAR in Central African Republic.

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

- *Drive value in the mature voice business in our core markets.*
 - We recognize that in our industry prices of the traditional products and services that we provide are generally falling over time, despite price elasticity being significantly below one. In contrast, the costs of delivering these products and services experience significant inflationary pressure. To address this imbalance, we continuously focus on cost efficiency, especially on optimizing business support costs. We also strive to design our go-to-market actions thoughtfully, with the dual ambition of ensuring that we remain a highly attractive choice for consumers at all times, while at the same time promoting responsible industry conduct.
 - We also see that the telecommunications market is highly heterogeneous, consisting of a significant number of sub-segments with partially unique needs. Therefore, we selectively seek to capture opportunities in the B2C (consumer) and B2B (business) sub-segments, especially in those areas where we can leverage the fact that we have both fixed-line and mobile assets, or where our international footprint can be a source of competitive advantage.
 - We believe that the shift away from the traditional mobile voice- and SMS-centric world and towards a data-centric world is fundamental. We therefore carefully scrutinize any investment in legacy infrastructure that does not also support our data business, while ensuring that we remain able to deliver a set of core traditional telephone services that fully meet customer expectations.
- *Emerge as leader from the transition to a mobile data-centric world.*
 - We believe that the move towards a data-centric world is the single biggest industry change that our core mobile business has experienced so far. We also see that a key success factor over the coming few years for any telecommunications operator with a significant mobile business will be to manage pricing of mobile data well and to be able to monetize the growth in mobile data traffic. We therefore spend considerable time and effort to ensure that we offer a proactive and customer-centric transition from legacy voice pricing to data-centric pricing with bundled tariff plans, with the ambition to retain and ultimately grow ARPU.
 - We see that mobile data offerings are already becoming a significant operator decision parameter for certain customer segments, and we expect this trend to broaden further. To ensure that we are the natural consumer choice in the data-centric world, we aim to provide the best "value-for-money" data product portfolio while staying highly price-competitive at all times.
 - We recognize that a mobile data network is more complex to manage than a voice network and that the optimization potential in a data network is significant. We therefore pursue cost efficiency in technology investments, including traffic management and offloading of traffic as well as content compression.
 - At the same time, we will invest in digital distribution and services anticipating increased demand for such services as mobile financial services or smart home.

- *Efficiently invest and grow high quality networks to support increasing demand for mobile data.*
 - In 2014, we spent \$3.9 billion, or 20% of revenue, on investments in our infrastructure across all our regions resulting in an improved market position in mobile data. Our strategy is focused on continued investments in 3G and 4G/LTE to capture growth in mobile data traffic. We plan to continue to invest in all our high-speed data networks in 2015.
 - We entered into an agreement with MTS for joint planning, development and operation of 4G/LTE networks in 36 regions of Russia. Under the terms of the agreement, between 2014 and 2016 MTS will build and operate 4G/LTE base stations in 19 regions and VimpelCom will build and operate 4G/LTE base stations in 17 regions of Russia. Within the first seven years of the project, VimpelCom Russia and MTS plan to share base stations, platforms, infrastructure and resources of the transportation network, with each operator maintaining its own core network.

Competitive Strengths

We believe that we are well positioned to capitalize on opportunities in all of our traditional and broadband mobile and fixed-line telecommunications markets. We seek to differentiate ourselves from our competitors by high-quality service offerings, specialized customer care and strong and recognized brand names. We offer a broad portfolio of competitive services in both the fixed-line and mobile corporate data markets that are designed to match the needs of our customers. For our business and corporate clients, we offer a wide range of data services, including wireless office Internet solutions and high bandwidth corporate Internet access.

- *Recognized local brand names.* We market our mobile services under local brand names in each of our markets. Our “Beeline” brand name is very well established in a number of countries, including Russia (where we introduced the brand in 1993), Kazakhstan, Uzbekistan, Armenia, Tajikistan, Georgia, Laos and Kyrgyzstan. Primarily as a result of our innovative marketing and brand licensing efforts, our “Beeline” brand name is among the most recognized brand names in Russia and the CIS. In Ukraine, we market our mobile services primarily under the “Kyivstar” brand. In Italy, our “WIND” brand is well established and enjoys high recognition. We also have powerful brands for our operations in Africa & Asia, including “Djezzy,” “banglalink” and “Mobilink”. Our brands are generally very well known in the local markets and enjoy “top of mind” brand awareness.
- *Product and service innovation.* In our mobile business, we continue to seek out new products and services to provide our customers with faster access and easier usage to be competitive in the markets in which we operate. We continue to develop services for our prepaid consumer segment.
- *Pricing.* Acknowledging differences in competitive situations and consumer behavior across markets, we undertake a systematic effort involving dedicated analytics and research to develop an optimal pricing structure. This pricing approach ensures that we maximize value from all segments and lets us offer different tariffs and solutions to all market segments and types of companies, including special tariff options and mobile bundles for voice, messaging and data services.
- *Mobile data services.* Mobile data services are driving market growth, and we are focusing our efforts at winning this segment. We are actively developing data services in all markets as part of our prepaid and postpaid tariff proposals. We focus our efforts on small and medium screens.
- *Specialized customer care.* We provide specialized customer service to our different customer segments. We believe that our ability to provide specialized customer service has helped us maintain a high level of customer satisfaction with our products and services and control churn. We also believe that we have provided particularly strong customer service to our corporate customers.
- *Broad distribution network.* We have large distribution networks for mobile and fixed-line services in markets of our operations. The network is used both for sale purpose as well as for the purpose of customer care, thus providing higher standards of customer service. Our network consists of our own branded shops as well as a franchise network, simple retail agreements with local retail players and networks of our strategic retail partners. Proper mix of these channels secures our position in the market.

Description of Operations of the Russia Segment

Mobile Business in Russia

Description of Mobile Services in Russia

In Russia, we primarily offer mobile telecommunications services to our customers under two types of payment plans: postpaid plans and prepaid plans. As of December 31, 2014, approximately 8% of our customers in Russia were on postpaid plans and approximately 92% of our customers in Russia were on prepaid plans.

The tables below present the mobile telecommunications services we offer in Russia.

Mobile Voice Services	Description
<i>Voice Services⁽¹⁾</i>	<i>Includes airtime charges from mobile postpaid and prepaid customers, including monthly contract fees for a predefined number of voice traffic and roaming fees for airtime charges when customers travel abroad. Included in voice services is our “Possibilities with zero”, which allows our prepaid customers to stay connected even in the event that they have a zero account balance. This service includes “Receiving Party Pays,” “Call Me Back” and “Fill Up My Balance,” and allows us to increase voice traffic and revenue without causing average price per minute to decrease. In 2014, we have optimized our portfolio of voice tariff options and simplified roaming pricing.</i>
<i>Roaming⁽²⁾</i>	<i>As of December 31, 2014, our operations in Russia had active roaming agreements with 577 GSM networks in 213 countries, respectively, in Europe, Asia, North America, South America, Australia and Africa. Additionally, we provided GPRS roaming with 456 networks, in 177 countries.</i> <i>OJSC VimpelCom offers customized application for mobile network enhanced logic (“CAMEL”), an intranetwork prepaid roaming service, which allows prepaid customers to automatically receive access to roaming services provided they have a positive account balance. The CAMEL service allows us to implement real time cost control, provide more dynamic service to our clients and reduce the number of non-paying customers caused by roaming. As of December 31, 2014, we provided our Russian customers CAMEL roaming through 259 operators in 128 countries.</i>

(1) For a description of MTR and MNP regulations, please refer to the section of this Annual Report on Form 20-F entitled “Exhibit 99.2 Regulation of Telecommunications.”

(2) Roaming agreements generally state that the host operator bills VimpelCom which VimpelCom pays, and then VimpelCom subsequently bills customers the roaming services on the customer’s monthly bill.

Mobile Value Added Services	Description
<i>Basic Value Added Services Package¹</i>	<p>Caller-ID</p> <p>Voicemail</p> <p>Call forwarding</p> <p>Conference calling</p> <p>Call blocking</p> <p>Call waiting</p>
<i>Messaging Services</i>	<p>SMS</p> <p>MMS</p> <p>Voice messaging</p> <p>SMS services (including information services such as news, weather, entertainment chats and friend finder)</p>
<i>Content/infotainment services</i>	<p>Voice services (including referral services)</p> <p>Content downloadable to telephone (including music, pictures, games and video)</p> <p>Customized ringtones (RBT)</p>
Wireless Internet Access	Description
<i>Access</i>	<p>Access is offered through GPRS/EDGE, 3G/HSPA and 4G/LTE.</p> <p>3G Internet services were commercially launched in September 2008 in Russia, and were available in every region of Russia as of December 31, 2013. We launched 4G/LTE in Moscow in May 2013 and have accelerated roll out to 46 regions as of December 31, 2014.</p> <p>Access offered through USB modems in every region of Russia. We offer special wireless Plug&Play-USB modems, which provide our customers with a convenient tool for Internet access.</p>
<i>Mobile Data Plans</i>	<p>Tiered data-plans provide smartphone customers with data, voice and SMS packages. In 2014 we launched a new simplified tariff portfolio with competitive prices in combination with transparent services. In addition, we launched Shared Data Service in 2014, offering the option of multiple SIM cards for one account, making it convenient for customers to manage their data account across multiple devices.</p>
<i>Media and Content Delivery Channels</i>	<p>RBT, Chameleon (service based on Cell Broadcast technology providing free information content such as news, weather and sports)</p> <p>Dating services and location-based services (such as the ability to locate customers or nearby facilities)</p> <p>Information and content services (such as weather forecasts or horoscopes)</p>

Wireless Internet Access**Description**

Mobile television and video streaming

Google Play Carrier Billing (offering certain Google products and payment through a customer's mobile account)

Unstructured supplementary services data menu (a self-help and entertainment portal)

Dynamic SIM Toolkit (DSTK) portal (a self-help and entertainment portal)

Interactive Voice Response (IVR) portal (information and content services portal)

SMS services, Bee Number requests (information and content services provider)

Mobile portal (browsing, entertainment and information services provider)

SMS, voice and USSD technology through which third party content is provided.

Other Data Services

For our business and corporate clients, we offer a wide range of data services, including wireless office Internet solutions and high bandwidth corporate Internet access. The following examples describe some of the services that we provide.

Other Data Services**Description**

M2M

Machine-to-machine, or "M2M," allows both wireless and wired systems to communicate with other devices of the same technology and includes technologies that allow data transmission between remote equipment. M2M technologies are used in areas such as consumer electronics, banking, metering, security and others.

Mobile VPN

We offer to our corporate clients secure remote access to corporate information, databases and corporate applications. Remote access is available from different mobile devices, including USB modems, tablets and smartphones.

Geo-positioning services

Beeline Business provides geo-positioning and service Compass for fleet and assets management via GPS / GLONASS with special devices (trackers) or with smartphones and tablets. We will continue developing services in this direction.

Corporate SMS services

We provide direct connection to SMS center for large companies and aggregators. We continued with the project of reducing spam SMS messages received by our customers in 2014 and made significant progress, as the average number of spam SMS per month is below one as of December 31, 2014.

Fixed Mobile Convergence

Beeline Business offers fixed-mobile convergence services to corporate clients providing use of their mobile phone as an extension of their private branch exchange, or "PBX". We provide these services in 76 cities.

Other Data Services

Description

Mobile Cloud Solutions

In November 2013, we launched an MDM project as a part of the BYOD (bring your own device) concept. We were the first operator in the Russian market who launched cloud MDM, and are currently implementing Mocana solution as BYOD concept development. We are also continuing to develop our cloud product portfolio and there are several cloud solutions (such as MSO 365, Megaplan and 1C Counting) included in our Cloud portal project, which will start in 2015.

Interconnect. We have several interconnection agreements with mobile and fixed-line operators in Russia under which we provide traffic termination services. These services represent termination of incoming voice and data traffic from networks of our competitors when their customers call or send data to our customers.

Sales of Equipment and Accessories. As of December 31, 2014 the number of owned retail mono-brand stores was 1,188 compared to 1,238 owned retail mono-brand stores as of December 31, 2013, and as of December 31, 2014 the number of owned modules was 56 compared to 85 owned modules as of December 31, 2013. As of December 31, 2014 we had 112 “Know How” stores, a format developed with ION in the form of a joint venture.

In order to promote Beeline’s retail chain and increase mobile data devices penetration, Beeline introduced a portfolio of own-branded smartphones and tablets throughout 2014. In addition, we also introduced the co-branded Alcatel 4G/LTE smartphone, sold in combination with a data bundle in June 2014.

Beeline has a direct sales contract with Apple and all new iPhones have been available in Beeline retail stores. Beeline customers with new iPhones are able to use our LTE network.

Specialized customer care. Beeline has introduced several initiatives and services to improve NPS in 2014, such as a new mobile self-service application for iOS and Android, allowing customers to manage all charged Beeline services. This service has been successful with more than 5.7 million downloads as of December 31, 2014. Other examples are filtering spam SMS messages, free anti-virus protection and the introduction of shared data services, offering the option of multiple SIM cards for one account, making it convenient for customers to manage their data account across multiple devices. Also, we introduced an initiative to increase transparency of content subscription costs and ban undesired subscription for our customers. These measures taken to reject unrequested services from content providers impacted our mobile service revenue negatively during 2014, but improved the NPS score.

*Mobile Telecommunications Licenses in Russia**GSM Licenses*

We hold super-regional GSM licenses (GSM 900, GSM 1800 and GSM 900-1800 standards) for the following seven out of eight super-regions in Russia: Moscow, Central and Central Black Earth, North Caucasus, North-West, Siberia, Ural and Volga. These licenses will expire between September 2017 and April 2018 and we plan to file applications for renewal of all of our licenses prior to expiration.

We do not currently hold a GSM super-regional license for the Far East super-region of Russia, but we hold GSM licenses in a number of regions of the Far East super-region. These licenses expire on various dates between 2016 and 2021 and we plan to file applications for renewal of all of our licenses prior to expiration.

In addition to the seven super-regional GSM licenses, we hold GSM licenses for the Kaliningrad region, the Orenburg region, and the Nenetskiy Autonomous Region. In total our GSM licenses cover approximately 96% of Russia’s population.

3G Licenses

OJSC VimpelCom holds one of three UMTS licenses in Russia. The license expires on May 21, 2017.

4G/LTE License

In July 2012, OJSC VimpelCom was awarded a mobile license, a data transmission license, a voice transmission license and a telematic license for the provision of 4G/LTE services in Russia. These licenses allow OJSC VimpelCom to provide services using radio-electronic devices in Russia via networks that use 4G/LTE standard equipment within any of the following frequency bands: 735-742.5/776-783.5 MHz; 813.5-821/854.5-862 MHz; 2550-2560/2670-2680 MHz. Certain channels allocated to us in accordance with the licenses have restrictions on their use. To remove restrictions we have to perform certain organizational technical measures including, among others, radio frequency bands releasing spectrum conversion, refarming and reallocation between operators. The roll-out of the 4G/LTE network is using a phased approach based on a pre-defined schedule pursuant to the requirements of the license. Under the phased approach, OJSC VimpelCom launched 4G/LTE services as of June 1, 2013. OJSC VimpelCom was required to extend services to six regions in Russia by December 1, 2013 which condition was met. OJSC VimpelCom is then required to extend services to a specified number of additional regions in each year until December 1, 2019 when services must cover all of Russia. In addition, OJSC VimpelCom is required to comply with the following conditions among others under the terms of the license: (i) invest at least RUB15 billion in each calendar year in the construction of its federal 4G/LTE network until the network is completed, which must occur before December 1, 2019; (ii) provide certain data transmission services to all secondary and higher educational institutions in specified areas; and (iii) provide interconnection capability to telecommunications operators that provide mobile services using virtual networks in any five regions in Russia not later than July 25, 2016.

See also “Item 3—Key Information—D. Risk Factors—Legal and Regulatory Risks—Our licenses may be suspended or revoked and we may be fined or penalized for alleged violations of law, regulations or license terms” and “—Our licenses are granted for specified periods and they may not be extended or replaced upon expiration,” and “Item 3—Key Information—D. Risk Factors—Risks Related to Our Industry—Our failure to keep pace with technological changes and evolving industry standards could harm our competitive position and, in turn, materially harm our business”

Competition—Mobile Business in Russia

In the decade prior to 2014, the Russian mobile telecommunications industry has grown rapidly due to increased demand by individuals and businesses. The high penetration in Russia is the result of customers owning multiple SIM cards and the growth of mobile data SIM cards in various devices. Mobile data traffic growth is the main driver of mobile telecommunications growth, supported by improved service quality and coverage of mobile data networks and declining tariffs and costs of handsets and accessories, which have made mobile telecommunications services more affordable to the mass market customer segment. In addition, advertising, marketing and distribution activities, which have led to increased public awareness of, and access to, the mobile telecommunications market, contributed to the growth as well.

The table below indicates the estimated number of mobile customers, mobile penetration rates and annual customer growth rates in Russia.

Period	Customers (in millions)	Penetration Rate	Annual Customer Growth⁽¹⁾
As of December 31, 2014	242.9	170.7%	(1.8)%
As of December 31, 2013	247.4	173.5%	5.7%
As of December 31, 2012	234.2	163.8%	2.0%

(1) Growth rate as compared to previous year end.

Source: For customers, customer growth and penetration rates, Analysys Mason Research in 2014 and Informa Telecoms & Media in 2013 and 2012. © 2013 Informa Telecoms & Media. All rights reserved.

The Russian mobile telecommunications market is highly competitive. Analysys Mason Research estimates that the top three mobile operators, MTS, MegaFon and OJSC VimpelCom, collectively held approximately 84% of the mobile market in Russia as of December 31, 2014. As a result of competition, mobile providers are utilizing new marketing efforts, including price promotions, to retain existing customers and attract new ones. Competition for customers in Russia is intense as a result of greater market penetration, consolidation in the industry, the growth of current operators and new technologies, products and services.

We compete with at least one other mobile operator in each of our license areas, and in many license areas we compete with two or more mobile operators. Competition is based primarily on local pricing plans, network coverage, quality of service, the level of customer service provided, brand identity and the range of value-added and other customer services offered.

The following table shows our and our primary mobile competitors' respective customer numbers in Russia as of December 31, 2014:

Operator	Customers in Russia (in millions)
MTS	75.6
MegaFon	70.2
VimpelCom	57.2
RT-Mobile	36.4

Source: Analysys Mason Research for all companies except OJSC VimpelCom.

MTS. One of our primary competitors in Russia is MTS. According to Analysys Mason Research, as of December 31, 2014, MTS had approximately 75.6 million customers in Russia, representing a market share of 31%. It has a greater share of the high value customer market and more frequency allocations than we do, which provides MTS with a potential advantage in the quality of its GSM, UMTS and HSPA services. MTS holds a 4G/LTE FDD license identical to ours, which it received in July 2012. In addition, MTS holds an 4G/LTE TDD license for the Moscow region which provides MTS with a potential advantage in quality of its 4G/LTE services in the Moscow region. MTS is leading in number of retail stores which is an important competitive advantage but requires significant expenses for rent of outlets and personnel costs.

MegaFon. In addition to MTS, our other primary competitor is MegaFon, the second largest mobile operator in Russia in terms of the number of mobile customers. In 2012, Altimo sold its entire 25.1% stake in MegaFon to a private investor. According to Analysys Mason Research, as of December 31, 2014, MegaFon had approximately 70.2 million customers, representing a market share of 29%. MegaFon holds GSM-900/1800, and UMTS licenses to operate in all regions of Russia. MegaFon holds an 4G/LTE FDD license identical to ours which it received in July 2012. In addition, MegaFon has an 4G/LTE TDD license for the Moscow region which provides MegaFon with a potential advantage in quality of its 4G/LTE services in the Moscow region.

RT-Mobile. In August 2014, Rostelecom and Tele2 Russia completed their merger to form a new national mobile operator in Russia which will be operated as a joint venture, RT-Mobile. RT-Mobile is present in 64 regions of the country and owns licenses and spectrum in GSM-900/1800, and UMTS, and 4G/LTE FDD technology identical to ours, which it received in July 2012. The combined entity has around 36.4 million mobile customers as of December 31, 2014. New launches of RT-Mobile are also expected including launch in Moscow in the second half of 2015 according to Tele2 public statements. This could have a negative effect on VimpelCom, Megafon and MTS revenues and profitability as Moscow is one of the largest regional markets in Russia. However, RT-Mobile has no GSM frequencies in the region, which will hamper provision of mobile voice services.

Other Competitors in Russia. In addition to MTS, MegaFon and RT Mobile, we compete with a number of local, regional 2G telecommunications companies.

Marketing and Distribution—Mobile Business in Russia

We divide our primary target customers in Russia into four groups:

- key/national accounts, for which monthly revenue from mobile and fixed-line services exceeds US\$20,000;
- large accounts, for which monthly revenue from mobile and fixed-line services exceeds US\$2,000 or companies having high revenue potential;
- SME customers, for which monthly revenue from mobile and fixed-line services is less than US\$2,000; and
- mass market customers.

Customer Loyalty Programs

We recognize the need to continuously build and increase the loyalty of our customers. In Russia, our loyalty programs are designed to retain our existing customers, thereby reducing churn, and increasing customer spending in B2C.

In 2014 we continued to develop our national loyalty program “Happy Time” to increase its value and attractiveness to all prepaid B2C customers. As of December 31, 2014, we had more than 3 million participants.

We continue to encourage our high value customers by providing them with rewards and benefits from Beeline and its partners. As of December 31, 2014, we had more than 2 million customers with Premium-status. We also launched a special financial product, Beeline card (based on MasterCard), which provides cash back for use of the card and which can be spent for our services. As of December 31, 2014, we had more than 240,000 customers using a Beeline card.

Fixed-line Business in Russia

Description of Fixed-line Services in Russia

Business Operations in Russia

In Russia, we provide a wide range of telecommunication and information technology and data center services, such as network access and hardware and software solutions, including configuration and maintenance, software as a service (“SaaS”) and an integrated managed service. We operate a number of competitive local exchange carriers that own and operate fully digital overlay networks in a number of major Russian cities. Our services cover all major population centers in Russia.

Our customers range from large multinational corporate groups and government clients to small and medium enterprises and high-end residential buildings in major cities throughout Russia.

Fixed-Line Services	Description
<i>Local Access Services</i>	<i>We provide business customers with local access services by connecting the customers' premises to our own fiber network, which interconnects to the local public switched telephone network in major metropolitan areas in Russia.</i>
<i>International and Domestic Long Distance Services</i>	<p><i>These services are offered via our Fixed Technological Network (FTN), which covers the entire territory of Russia and also includes eight international communications transit nodes across Russia.</i></p> <p><i>We provide International and Domestic Long Distance Services primarily through our FTN, proprietary and leased capacity between major Russian cities and through interconnection with zonal networks and incumbent networks. We also offer very small aperture terminal satellite services to customers located in remote areas.</i></p>
<i>Dedicated Internet and Data Services</i>	<p><i>We provide our business customers with dedicated access to the Internet through our access and backbone networks. We also offer traditional and high-speed data communications services to business customers who require wide area networks ("WANs") to link geographically dispersed computer networks.</i></p> <p><i>We also provide private line channels that can be used for both voice and data applications.</i></p> <p><i>We offer an IP virtual private network ("IP VPN") service based on multiprotocol label switching ("MPLS") which is one of the most popular data services on the corporate market. Within VPN service we also provide the ability to connect remote offices to a corporate IP VPN network via wireless GPRS/EDGE/3G networks with QoS. We are currently planning to use 4G/LTE wireless network in the near future. We also offer customers the ability to enter into service level agreements, which ensure the quality of our service.</i></p>
<i>Leased Channels</i>	<i>We provide corporate clients with the ability to rent leased channels with different high speed capacities, which are dedicated lines of data transmission.</i>
<i>Intellectual and Value Added Services</i>	<i>Our company offers an increasing range of value added services, including toll free (800) numbers, virtual PSTN number, SIP-connection, data center services, such as co-location, web hosting, audio conference, domain registration and corporate mail services. We also offer access to a variety of financial information services, including access to S.W.I.F.T. and all Russian stock exchanges.</i>

Fixed-Line Services**Description***Fixed Corporate and Cloud Services*

We offer to our corporate customers IPTV services, certain Microsoft Office packages (including SaaS), web-videoconferencing services (based on Cisco WebEx and TelePresence technologies) and sale, rental and technical support for telecommunications equipment. Our company is the first telecom operator in Russia authorized by Microsoft to resell cloud service MS Office 365.

In 2014 we launched a portal for cloud services on www.beeline.ru.

The portal will be extended with other cloud services of the third parties and with already existing Beeline products.

Managed Services

We offer our corporate clients packages of integrated services that include fixed-line telephony and Internet access, along with the additional services such as virtual PBX, and security services, such as firewall, distributed denial of service protection and local area network. This product allows customers to access their systems from various locations.

We offer and deploy managed Wi-Fi networks (indoor and outdoor) on client's site (office, restaurant, shops etc.) based on IEEE 802.11b/g/n/ac wireless technology. We can offer VAS services such as SSID customization, first page customization, filtering, forwarding to the predefined page, advertisement allocation, statistic offering, limitation of time and data level.

Equipment Sales

We offer equipment manufactured by Cisco Systems, Alcatel-Lucent, Avaya, Panasonic, Huawei and other manufacturers. As part of our turnkey approach, we also offer custom solutions and services for the life cycle of the equipment, including its design, configuration, installation, consulting and maintenance.

Mobile VPN

We offer to our corporate clients secure remote access to corporate information, databases and corporate applications. Remote access is available from different mobile devices, including USB modems, tablets and smartphones.

IP Addresses

We provide to our corporate customers IP address services, which help to identify devices connected to mobile Internet or corporate network.

Wholesale Operations in Russia

Our carrier and operator services division in Russia provides a range of carrier and operator services, including voice, Internet and data transmission over our own networks.

Voice Services. For international operators, including traditional incumbents, mobile and VoIP operators, we provide call termination to fixed-line and mobile destinations in Russia, Ukraine, and the CIS and Baltic states. For Ukrainian and CIS operators, we provide call termination to Russian and international fixed-line and mobile destinations. For Russian operators we provide international, domestic, zonal and local voice call transmission services.

Internet Services. Our carrier and operator services division provides IP transit service to operators throughout the world. International operators require connectivity to the Russian Internet segment. In addition, our carrier and operator services division provides data center services to content providers.

Data Services. We offer three types of data services: private networks, local access, and domestic and international channels.

We have our own local network nodes in the majority of business and trade centers in the largest cities of Russia.

We have interconnection agreements with international global data network operators who provide a one-stop shop concept for worldwide data network services for multinational companies. Under these interconnection agreements we provide MPLS-based IP VPN, local, domestic and international private lines, equipment and equipment maintenance in Russia.

We also provide high-speed domestic and international channels to international and Russian operators to sell excess backbone network capacity.

Residential and FTTB Operations in Russia

Fixed-line Broadband Internet Access. In Russia, we offer fixed-line broadband Internet access. One of our strategic goals is to develop broadband services based on the most up-to-date engineering solutions.

FTTB IPTV. Currently the Beeline TV product is run in seven out of eight macro regions. In 118 cities of the 37 regions, we provide IPTV service. As of December 31, 2014, we had more than 980,000 IPTV customers.

Wireless Broadband Internet Access. According to iKS Consulting and J'son & Partners Consulting, Beeline WiFi is the world's largest metropolitan wireless network and includes the greater part of Moscow's city center and many other areas of the city. As of December 31, 2014, we have installed more than 5,000 WiFi access nodes in Moscow. Our partners in providing WiFi services are, amongst others, Domodedovo and Sheremetyevo Airports, Department of Information Technology, McDonalds, Starbucks, Coffee-House, MEGA, IKEA, METRO, Afimoll trade center, Auchan and Burger King.

Licenses for Fixed-line Business in Russia

We have fixed-line, data and long distance licenses which are important to our fixed business in Russia, including licenses in respect of Local Communications Services (excluding local communications services using payphones and multiple access facilities), Local Communications Services using multiple access facilities, Leased Communications Circuits Services, Voice Communications Services in Data Transmission Networks, Telematic Services, Intra-zonal Communications Services, Data Transmission Services and Communications Services for the Purposes of Cable Broadcasting in the main cities of Moscow, St. Petersburg, Ekaterinburg, Nizhny Novgorod, Khabarovsk, Novosibirsk, Rostov-on-Don and Krasnodar. These licenses will expire between June 8, 2015 and December 31, 2019. In addition we have an International and National Communications Services license for the entire Russian Federation which will expire on December 13, 2019.

The following licenses expire in 2015:

- Local Communications Services license (excluding local communications services using payphones and multiple access facilities) in Khabarovsk (October 31, 2015) and Krasnodar (October 1, 2015);

- Local Communications Services using multiple access facilities in Ekaterinburg (July 20, 2015);
- Leased Communications Circuits Services in St. Petersburg (June 8, 2015) and Khabarovsk (August 25, 2015);
- Telematic Services in Moscow (November 21, 2015), St. Petersburg (November 21, 2015) and Krasnodar (September 14, 2015);
- Intra-zonal Communications Services in Krasnodar (December 12, 2015); and
- Data Transmission Services licenses in Khabarovsk (September 14, 2015) and Krasnodar (September 14, 2015).

We have filed or will file applications for renewal for all of our licenses that expire in 2015.

Competition—Fixed-Line Business in Russia

Business Operations

Our fixed-line telecommunications business marketed as “Beeline Business” competes principally on the basis of convergent services and bundles, installation time, network quality, geographical network reach, customer service, range of services offered and price. We face significant competition from other service providers, including:

- Rostelecom, the state-controlled telecommunications company, for services in St. Petersburg and all of Russian regional cities;
- MTS, for services to corporate customers and the SME market;
- TransTelecom, owned by Russian Railways, for corporate data network services across Russia;
- Orange Business, for corporate data network services, convergent mobile and fixed-line services;
- MegaFon, which provides convergent mobile and fixed-line services.

Wholesale Operations

For voice services, our main competitors are the long distance carriers Rostelecom, TransTelecom and OJSC “Multiregional TransItTelecom.” For IP transit and capacity services, our main competitors are Rostelecom, TransTelecom and MegaFon. In wholesale data networking we also compete with Orange.

Residential and FTTB Operations

In terms of end-user Internet penetration, the consumer Internet access business in Russia is already saturated and end-user Internet penetration is high.

Competition for customers in Russia is intense and we expect it to increase in the future as a result of wider market penetration, consolidation of the industry, the growth of current operators and the appearance of new technologies, products and services. As a result of increasing competition, Internet providers are utilizing new marketing efforts (for example, aggressive price promotions) in order to retain existing customers and attract new ones.

Our main competitors in the fixed-line broadband market in Russia are Rostelecom, MTS and its subsidiaries, Acado, Er-Telecom, NetbyNet and various local home network providers. Competition is based primarily on network coverage, pricing plans, Internet connection speed, services quality, customer service level, brand identity and a range of value added and other customer services offered.

Marketing and Distribution—Fixed-Line Business in Russia

Business Operations

We utilize a direct sales force in Moscow, operating both with fixed-line and mobile corporate customers and supported by specialists in technical sales support, marketing, customer service and end-user training. In addition, we employ a team of regional sales managers and a dedicated sales force in each of our regional branch offices, as well as having sales incentive plans with our regional partners.

While pricing competition remains a factor, especially for voice and Internet access services, many corporate data networking customers place more value on network coverage, reliability and the ability to design, install and maintain LANs and WANs. These customers often require integrated solutions, including connections to offices located in different cities. To meet these requests, we currently offer a range of services aimed at providing installation and maintenance of customers' equipment and local networks in Moscow and other regions. We currently provide high priority network support for a number of key clients, and we are actively working on new products, which we believe will allow us to provide a whole range of managed services.

Residential and FTTB Operations

Fixed-line Broadband Internet Access. We offer a wide range of FTTB services tariffs targeted at different customer segments.

FTTB IPTV. TV service is provided on a monthly fee basis. STBs can be rented or bought by customers. We have launched the following value added services for TV: Video on Demand (with a library of more than 3,000 items) and the option to view the recording of popular TV programs. In Moscow we have launched Timeshift option allowing to rewind live channels without recording on STB. Most IPTV sales are carried out in bundles with home internet and Wi-Fi routers for 1 Russian ruble. Customers are offered to rent or buy additional STBs to watch their TV channel pack on another TV set or Wi-Fi bridges which helps to eliminate extra wires that extend through the apartment.

xDSL Services. For xDSL services, our company offers an unlimited tariff plan and tariff plans that depend on traffic volume and connection speed.

Wireless Broadband Internet Access. We offer WiFi tariff plans that include unlimited usage plans and plans that charge by usage. We also offer special prices for mobile and FTTB users.

Pay TV (cable TV) Services. We offer two tariff plans: "Social" for customers who need basic TV channels, which includes 10-12 TV channels and "Commercial," which includes 45-55 TV channels. As of December 31, 2014, we had more than 72,000 cable TV customers.

Fixed-line Telephony. We offer two telephony services for residential users: traditional time division multiplexing (also referred to as TDM) accessible in 180 Russian cities (which includes the cities with the possibility of IP services), and VoIP-based services in more than 80 Russian cities. All services offer fixed numbering and have competitive prices for local, zonal, international long distance and domestic long distance calls. As of December 31, 2014, we had approximately 170,686 fixed line telephony customers in Russia.

Description of Operations of the Italy Segment

Our Italy segment consists of our operations in Italy under our wholly owned subsidiary WIND Italy.

Mobile Business in Italy

Description of Mobile Services in Italy

Mobile Telecommunications Services

In Italy, we primarily offer our mobile telecommunications services under two types of payment plans: postpaid and prepaid. As of December 31, 2014, approximately 7.0% of our customers in Italy were on postpaid plans and approximately 93.0% were on prepaid plans.

Mobile Voice Services	Description
<i>Consumer Voice Offerings</i>	<i>Our consumer voice offerings are tailored to specific market segments. Our voice offerings can be upgraded with a variety of option plans and value added services. Prepaid consumer customers can choose from tariff plans in which their prepaid credit is deducted on a per second basis at a billing rate per minute, or on a monthly basis at a flat rate per month choosing amongst one of the several available options. In addition to tariff plans similar to those offered to prepaid customers, we offer a number of all-inclusive flat rate monthly tariff plans to contract and prepaid consumer customers that include a set amount of calling minutes, SMSs and gigabytes of mobile Internet access for a fixed monthly fee. Additional all-inclusive bundles specifically target young people (all-inclusive music) and digitally native customers (All-Digital), with accounts that are manageable only via digital channels such as web, mobile applications (apps) and social networks.</i>
<i>Corporate Voice Offerings</i>	<i>We provide corporate voice services to large corporate customers, small and medium enterprises, or “SMEs,” and small office/home offices, or “SOHOs,” with our corporate voice offerings. For large corporate customers, who often solicit tenders for their mobile telephone requirements on a competitive basis, we offer customized services tailored to their specific requirements. For SME and SOHO customers, we offer more standardized products, such as all-inclusive tariff plans that offer customers a set amount of calling minutes, SMSs and gigabytes of mobile Internet access for a fixed monthly fee. We also offer a variety of add-on options to our standard corporate voice offerings. As interest in mobile applications (apps) is growing, with the aim of bringing greater mobility to business processes, WIND Italy has also launched the Enterprise Mobility Services through strategic partnerships and vertical System Integrator agreements. Innovative digital services have also been developed for corporate customers allowing them to create a personalized website, a certified web mail and Mobile POS.</i>

Data and Value Added Service Offerings. In Italy, we provide a variety of mobile data services and value added services for telephone and computer to our consumer and corporate customers. WIND Italy has continued

its growth in mobile Internet services due to an increase in the number of smartphones and improvements to its own offerings of plans with bundle options, suited for both prepaid and postpaid customers, which include minutes of voice traffic, SMS, and mobile Internet browsing for a fixed monthly fee.

In Italy, we offer the following data services and value added services:

Mobile Value Added Services	Description
<i>Mobile Internet</i>	<i>Our mobile customers can connect their mobile phones to the Internet using GSM, GPRS, 4G/LTE or UMTS technologies. Several offers include bundles and innovative options like Open-Internet, which allow data customers to share the total amount of data included in the bundle with family members.</i>
<i>PC Mobile Internet</i>	<i>Our mobile customers can connect their mobile phones to a computer to be used as a modem to browse the Internet using GSM, GPRS, 4G/LTE or UMTS technologies. In addition, our customers can directly connect their PC to the Internet utilizing a dongle with a WIND SIM card.</i>
<i>BlackBerry</i>	<i>Offered to corporate, SME and consumer customers</i>
<i>SMS and MMS</i>	<i>SMS offerings provide users with information such as news, sports, weather forecasts, horoscopes, finance and TV programming information, as well as a selection of games, ringtones, a chat service for customers as well as services specifically targeted at students. MMS provides multimedia (photo, video and sound) content, such as sports events, news, gossip, music and a chat service.</i>
<i>Content and Innovative Services</i>	<i>In 2014 WIND Italy had a strong focus on innovative services based on using the mobile phone for payments with the aim of simplifying the customer's life by improving the user experience. In addition WIND improved its MyWIND App, renewed its partnership with Google for carrier billing and enhanced roll-out of mobile ticketing. WIND also focused its attention on digital services and in 2014 introduced a new innovative concept called "Digital Home & Life" in a store in Rome, in order to be closer to its customers. In the store, as well as online, WIND customers can choose and buy new technological devices to interact with their smartphone and, within their house, to manage aspects of their life and home, such as wellness and entertainment.</i>
<i>NFC</i>	<i>During 2014, WIND Italy implemented different initiatives to test NFC services.</i>

International Roaming. Our mobile customers in Italy can use our mobile services, including SMS, MMS and data services where available, while roaming in other countries. Roaming coverage outside Italy is provided through our roaming agreements with approximately 488 international operators in 219 countries as of December 31, 2014.

Handset Offerings. We offer our customers in Italy a broad selection of handsets and Internet devices, which we source from a number of suppliers. The Italian market is a predominantly prepaid market and, as a result, mobile operators generally have provided limited handset subsidies, and only to higher value customers.

Mobile Telecommunications Licenses in Italy

WIND Italy has a license to provide mobile telephone services in Italy using digital GSM 1800 and GSM 900 technology. This license expires in 2018 and thereafter may be renewed by the relevant authorities considering the technological evolution from GSM to UMTS. WIND Italy acquired a UMTS license in 2001, which is expected to expire in 2029, and thereafter may be renewed for an additional seven years by the relevant authorities. Pursuant to the terms of the UMTS license, WIND Italy has coverage in all Italian regional capitals.

WIND has been licensed LTE/4G spectrum consisting of two blocks of 800 MHz spectrum and four blocks 2600 MHz spectrum. The license is valid until 2029.

Both the National Regulatory Authority (*Autorità per le Garanzie nelle Comunicazioni*, or “AGCOM”) and the Communications Department of the Italian Ministry of Economic Development have been reviewing frequency assignments and implementing changes thereto in 2014. Any changes to the frequency assignments could lead to increased costs for WIND Italy to adopt equipment and avoid interference.

Competition—Mobile Business in Italy

The mobile telecommunication market in Italy in which WIND Italy operates is characterized by high levels of competition among service providers. WIND Italy expects this market to remain competitive in the near term, and competition may be exacerbated by further consolidation and globalization of the telecommunications industry.

In the Italian mobile telecommunications market, Telecom Italia, operating under the “TIM” brand name, Vodafone Italy, operating under the “Vodafone” brand name, and Hutchison 3G, operating under the “3” brand name, are our principal competitors. Telecom Italia and Vodafone have well established positions in the Italian mobile market and each has a greater market share than WIND Italy. Hutchison 3G has been aggressively seeking new customers through the use of handset subsidies, which are not customarily offered in the Italian market, and heavily discounting its offering compared to WIND Italy. During 2014 the entire market reduced in size as a consequence of operators focusing on more robust pricing strategies and less aggressive use of promotions.

Telecom Italia, as the incumbent in the market, has the advantage of longstanding relationships with Italian customers. Vodafone Italy is well positioned in the market and is perceived as having a technologically advanced and reliable network in the market. Certain of our competitors also benefit from greater levels of global advertising.

According to Analysys Mason Research, the four network operators in Italy offer mobile telecommunications services to approximately 89.6 million registered customers as of December 31, 2014, representing a penetration rate of approximately 146.6% of the Italian population. As of December 31, 2014 there were 17 MVNO/ESPs providing services in the Italian market, with an aggregate market share of approximately 7%. Penetration is distorted by the widespread use of multiple SIM cards by individual users. The market is mostly prepaid.

According to Analysys Mason Research, as of December 31, 2014, excluding MVNOs, Telecom Italia had a market share of 34.7%, followed by Vodafone with 31.1%, WIND Italy with 23.4% and Hutchison 3G with 10.7%.

Marketing and Distribution—Mobile Business in Italy

In Italy, we market our mobile, Internet, fixed-line voice and data offerings by employing a multibrand strategy of the WIND and Infostrada brands in their respective markets. Each of the WIND and Infostrada brand logos incorporates the distinctive WIND logo, enabling cross-product brand identification. We also advertise our mobile, fixed-line and Internet products to consumers as the “Smart Fun” choice, emphasizing the quality, convenience and price of our products.

WIND Italy made strong developments on digital touch points (websites, Mobile sites, MyWIND App, self-care areas and social network) to improve the customer experience.

WIND Italy provides specific services to innovative startups and upcoming businesses by way of Wind Business Factor, which is a platform for business coaching and networking addressed to startups and new entrepreneurs.

For our corporate customers in Italy, we use different marketing strategies depending on the nature and size of a customer's business. For large corporate customers and SMEs, our marketing efforts are more customized and institutional in nature, and include one-on-one meetings and presentations, local presentations and presentations at exhibitions. For the SOHO market, we advertise in the professional and general press and use airport billboards.

We sell consumer mobile products and services, including SIM cards, scratch cards, WIND branded and unbranded handsets through a significant number of points of sale. As of December 31, 2014, we had 159 WIND owned stores and approximately 498 exclusive franchised outlets operating under the WIND name. WIND Italy also utilizes 1,015 non-exclusive points of sale, 910 electronic chain store outlets and approximately 4,697 other points of sale in smaller towns managed by SPAL S.p.A., our largest distributor in Italy in terms of points of sale. We also sell a portion of our consumer services online through WIND website.

Sales to large corporate customers are made by a dedicated in-house corporate sales team, whereas sales to SMEs and SOHOs are undertaken by agents. In addition, we recently launched an online store aimed at business customers for the direct sale of mobile products and services known as "WIND Business Shop" on the WIND website.

Given the increasing importance of customer experience as a strategic element of differentiation in the market, WIND Italy has created a new function for the Customer Experience Development. This function's objective is to ensure the continuous improvement of customer satisfaction, developing a customer experience model with the fundamental support of all business functions. The activity will be carried out using a methodology based on NPS (Net Promoter Score). This indicator is able to correlate the level of loyalty and growth and it is now used worldwide to assess the quality of customer experience. NPS is becoming increasingly central to WIND Italy's strategy; in addition to being measured periodically through market research, NPS will be used as a tool for continuous monitoring of customer perception when interacting with WIND Italy. In this way, it will be possible to better assess the level of customer satisfaction and implement improvement actions.

Fixed-line Business in Italy

Description of Fixed-line Services in Italy

In Italy, we offer a wide range of fixed-line voice and Internet broadband services. We offer these services to both consumer and corporate customers under the Infostrada brand.

Our fixed-line voice customer base in Italy consisted of approximately 2.8 million customers as of December 31, 2014. Our direct customers mainly comprise LLU customers.

WIND Italy offers voice and broadband Internet services to direct customers, renting from Telecom Italia the “last mile” of the access network, which is disconnected from Telecom Italia equipment and connected to the WIND equipment in telephone exchanges. In the areas where WIND Italy does not have direct access to the network via LLU, customers can request wholesale services, though WIND Italy no longer actively markets such wholesale services.

Fixed-Line Services	Description
<p><i>Internet and Data Services</i></p>	<p><i>In the broadband access market in Italy, we mainly offer our products directly through LLU. We offer broadband to both direct and indirect customers, so long as the line is ADSL or ADSL 2+ capable.</i></p> <p><i>We also offer fixed-line voice and broadband services in Italy through bundled offerings such as “All Inclusive” and “Absolute ADSL” packages which, for a fixed monthly fee, provide customers with a fixed-line voice service and unlimited connectivity to broadband. In addition, we offer a bundled offering with a fixed-line voice service, unlimited connectivity to broadband and a mobile SIM with All Inclusive postpaid and prepaid offer.</i></p> <p><i>Only on LLU customers WIND continues to push the “ADSL Vera” concept that allows a variable maximum download speed up to 20 Mbps depending on the quality of the copper network utilized with no additional charge.</i></p> <p><i>For corporate customers, WIND has developed several innovative and digital services such as Cloud including IaaS, Data Center, cCloud and SaaS (software as a service), characterized for being fast, simple and flexible.</i></p>
<p><i>Consumer Voice Offerings</i></p>	<p><i>Throughout Italy, we provide traditional analog voice telephone service, or “PSTN access,” digital fixed-line telephone service, or “ISDN access,” and value added services, such as caller ID, voicemail, conference calls, call restriction, information services and call forwarding. However, an increasing number of our customers in Italy subscribe to bundled fixed-line voice and Internet broadband offerings.</i></p>
<p><i>Corporate Voice Offerings</i></p>	<p><i>We provide PSTN, ISDN and VoIP fixed-line voice services, data services, value added services and connectivity services to corporate customers, including large corporate customers, SMEs and SOHOs.</i></p> <p><i>For larger corporate customers, we typically tailor our offerings to the needs of the customer and, where applicable, to competitive bidding requirements. We offer our large corporate customers direct access to our network through microwave links, direct fiber optic connections or, where we do not offer direct access, via LLU, dedicated lines leased from Telecom Italia. We also offer large corporate customers national toll free and shared toll. We typically offer SME and SOHO customers off the shelf plans rather than bespoke offerings.</i></p> <p><i>Our offerings tailored for SME and SOHO customers include “All Inclusive Business” providing unlimited calls to national fixed and mobile and unlimited Internet access; in addition, “Internet Pack” offer includes one Wi-Fi router, one Internet Key 3G along with a Data SIM contract. The “WIND Impresa” offer provides six to 60 simultaneous voice calls, on VoIP technology and a combined service for renting, running, and maintaining telephone switchboards.</i></p>

Licenses—Fixed-line Business in Italy

In Italy, our fixed-line services are provided pursuant to a 20-year license obtained from the Italian Ministry of Economic Development in 1998. This license expires in 2018.

Competition—Fixed-line Business in Italy

In the Italian fixed-line voice market, the incumbent, Telecom Italia, maintains a dominant market position. Telecom Italia benefits from cost efficiencies inherent in its existing telecommunications infrastructure over which it provides its fixed-line coverage. As the main Italian telecommunications provider, Telecom Italia also benefits from corporate and public sector customers, coupled with recognition and familiarity. Swisscom and Vodafone have entered the fixed-line Internet, voice and data markets by buying Fastweb S.p.A. and Tele2 (successively rebranded TeleTu), respectively. We expect that the fixed-line telecommunications market will remain competitive as a result of the presence of international competitors, the introduction and growth of new technologies, products and services, the declining number of fixed-line customers due to continued fixed-line to mobile substitution, continued migration from narrowband (dial-up) to broadband usage and regulatory changes (for example, in relation to LLU tariffs) in the Italian market, all of which may exert downward pressure on prices or otherwise cause our fixed-line customer base in Italy to contract, thereby impacting our revenue and profitability.

Four service providers, Telecom Italia, WIND Italy (with its brand Infostrada), Vodafone/TeleTu and Fastweb accounted for approximately 94% of the total broadband fixed services actually accessed in the Italian market as of December 31, 2014.

Based on our internal estimates, as of December 31, 2014, Telecom Italia had approximately 7.0 million broadband customers in Italy, representing a market share of approximately 50.3% of broadband retail connections, followed by WIND Italy with approximately 2.2 million broadband customers, representing a market share of approximately 15.9% of broadband retail connections, Fastweb with approximately 2.1 million active broadband customers, representing a market share of approximately 15.0% of broadband retail connections and by Vodafone/TeleTu, with approximately 1.8 million broadband customers representing a market share of approximately 12.7% of broadband retail connections. All other operators had in the aggregate approximately 0.85 million broadband customers, representing a market share of approximately 6.1% of broadband retail connections.

Marketing and Distribution—Fixed-line Business in Italy

In Italy, we market our fixed-line voice, broadband and data services primarily through WIND Italy's "Infostrada" brand.

The main sales channels for fixed-line voice and broadband services are represented by the shops and the toll-free number 159. In the Internet access market for consumer customers, the "Infostrada" web portal is an important and growing distribution channel. In Italy, we utilize sales agencies, WIND Italy's call centers and a direct sales force to target sales of fixed-line voice and Internet services to corporate customers. However, in 2013 and 2014, we have increasingly adopted pull sales channels which are more effective and efficient in order to increase the fixed business marginality.

We also offer bundled services in Italy that combine our mobile, Internet, fixed-line voice and data services with an integrated infrastructure and network coverage.

Description of Operations of the Algeria Segment

Our Algeria segment covers our operations in Algeria.

Mobile Business in Algeria

Description of Mobile Services in Algeria

In Algeria, we generally offer our customers mobile telecommunications services under postpaid and prepaid plans. As of December 31, 2014, we had the following percentages of postpaid and prepaid customers:

<u>Payment Plan</u>	<u>Algeria</u>
<i>Postpaid</i>	3%
<i>Prepaid</i>	95%
<i>Hybrid (monthly fee with recharge possibility)</i>	2%

Call Completion Services and Value Added Services

In Algeria, we provide all of our customers voice services that include airtime charges from mobile postpaid and prepaid customers, including monthly contract fees for predefined number of voice traffic and roaming fees for airtime charges when customers travel abroad.

<u>Value Added Services</u>	<u>Description</u>
<i>Basic Value Added Services</i>	<i>Caller-ID</i> <i>Voicemail</i> <i>Call forwarding</i> <i>Conference calling</i> <i>Call blocking</i> <i>Call waiting</i>
<i>Messaging Services</i>	<i>SMS</i> <i>MMS (which allows customers to send pictures, audio and video to mobile phones and to e-mail)</i> <i>Mobile instant messaging</i>
<i>Content/chat/infotainment services</i>	<i>Dependent upon location</i>
<i>Data access services</i>	<i>On GPRS and EDGE, and 3G</i>
<i>RBT</i>	<i>Customized ring back tones</i>

Roaming

In Algeria our operations generally have active roaming agreements covering a number of countries in Europe, Asia, North America, South America, Australia and Africa. Our roaming arrangements generally cover all major roaming destinations, and include active roaming agreements with 432 GSM networks in 157 countries, GPRS roaming with 202 networks in 93 countries and CAMEL roaming through 152 operators in 81 countries.

Generally, each agreement with roaming partners provides that the operator hosting the roaming call sends us a bill for the roaming services used by our customer while on the host's network. We pay the host operator for the roaming services and bill the amount due for the provision of roaming services on our customer's monthly bill.

Interconnect

We have several interconnection agreements with mobile and fixed-line operators in Algeria under which we provide traffic termination services. These services represent termination of incoming voice and data traffic from a network of our competitors when their customers call or send data to our customers.

Sales of Equipment and Accessories

Handset offerings. In order to stimulate mobile phones and smart phones penetration, we offer to our customers a broad selection of handsets and Internet devices, which we source from a number of suppliers.

USB Modems. In Algeria, we generally offer our customers wireless Internet access through GPRS/EDGE and 3G networks using special Plug&Play-USB modems. In addition to providing Internet access, USB modems generally provide other functionalities such as balance top-up, tariff changing and easy management of other services in USB modem interfaces.

Mobile Telecommunications Licenses in Algeria

The key terms of our licenses in Algeria:

- 2G, 3G and VSAT licenses for the entire territory of Algeria and ISP authorization for the entire territory of Algeria.
- The 2G license will expire on July 30, 2016. The 3G license will expire on December 2, 2028.

Competition—Mobile Business in Algeria

The mobile industry in Algeria has grown rapidly over the past ten years as a result of increased demand by individuals and newly created private businesses. Demand for mobile services is largely due to the expansion of the Algerian economy. Innovative services and declining tariffs have made mobile services more appealing to the mass-market-customer segment, while advertising, marketing and distribution activities, and improved service quality and coverage have led to increased public awareness of, and access to, the mobile telecommunications market.

According to Analysys Mason Research, there were approximately 44.4 million subscriptions in Algeria as of December 31, 2014, representing a penetration rate of approximately 113.4%.

In Algeria, there are three mobile operators: Djezzy, operating through our subsidiary Omnium Telecom Algeria SpA; Mobilis, a subsidiary of Algeria's incumbent operator, Algérie Télécom; and Ooredoo. Algérie Télécom launched its Mobilis GSM network in April 1998 and was the only operator until the second GSM license was awarded to Djezzy in July 2001. OTA launched under the Djezzy brand in February 2002. Wataniya Telecom Algeria (renamed Ooredoo) was awarded the third GSM license in December 2003. In December 2013, a 3G license was granted to all three operators. Competition is based primarily on local and international tariff prices, network coverage, quality of service, the level of customer service provided, brand identity and the range of value-added and other customer services offered.

In July, 2014, Djezzy launched 3G services and has since expanded services to 21 provinces across the country, including Algiers and the largest provinces in terms of population.

Customer growth in Algeria's mobile market is expected to slow down, and the attention is expected to shift to maintaining or improving the average revenue per user, supported by data revenue growth after commercial launch of 3G networks.

Competition for customers in Algeria is intense as a result of greater market penetration and is focused on new technologies, products and services. As a result of increased competition, mobile providers are utilizing new marketing strategies, including aggressive price promotions, to retain existing customers and attract new ones.

The following table shows our and our competitors' respective customer numbers in Algeria as of December 31, 2014:

<u>Operator</u>	<u>Customers in Algeria (in millions)</u>
Djezzy (VimpelCom)	18.4
Mobilis (AMN)	14.1
Ooredoo (WTA)	11.8

Source: Analysys Mason Research for all companies except Djezzy.

Marketing and Distribution—Mobile Business in Algeria

Our postpaid plans are targeted at our business customers and include “Djezzy Classic” and “Business Control.” Our postpaid plans for residential customers include “Djezzy Classic” and “Djezzy Control.” Our prepaid plans for residential customers include “Djezzy Good” and “Djezzy Go.” In July 2014, Djezzy launched a number of commercial offers including Millennium 3G (a hybrid voice and data product) and data dongle promotions, as well as B2B and B2C 3G offers. Djezzy launched a new prepaid offer “Go”, which achieved encouraging uptake, at the end of December 2014. Djezzy also launched an unlimited postpaid offer “Infinity”, which was supported by OTT partnerships with WhatsApp, Opera Mini and the 3G “Be-Djezzy” applications. We sell our mobile telecommunication services through indirect channels (distributors) and through our “Djezzy” branded shops, of which there were 2,000, including 1,102 equipped with IT material and sales application, as of December 31, 2014. Our nine exclusive national distributors cover all the 48 Wilayas and are distributing our products through 66,831 authorized points of sale. We also had a pool of more than 700 agents in a call center as of December 31, 2014. This pool of agents combines a series of insourced and outsourced agents that are directly managed by OTA management in three languages (Arabic, French and Amazigh).

Description of Operations of the Africa & Asia Segment

Our Africa & Asia segment covers our operations in Pakistan, Bangladesh and Laos.

Mobile Business in Africa & Asia

Description of Mobile Services in Africa & Asia

In Africa & Asia, we generally offer our customers mobile telecommunications services under postpaid and prepaid plans. As of December 31, 2014, we had the following percentages of contract and prepaid customers:

<u>Payment Plan</u>	<u>Pakistan</u>	<u>Bangladesh</u>	<u>Laos</u>
<i>Postpaid</i>	2%	6%	3%
<i>Prepaid</i>	98%	94%	97%

Call Completion Services and Value Added Services

In Africa & Asia, we provide all of our customers voice services that include airtime charges from mobile postpaid and prepaid customers, including monthly contract fees for predefined number of voice traffic and roaming fees for airtime charges when customers travel abroad.

Value Added Services	Description
<i>Basic Value Added Services</i>	<i>Caller-ID</i> <i>Voicemail</i> <i>Call forwarding</i> <i>Conference calling</i> <i>Call blocking</i> <i>Call waiting</i>
<i>Messaging Services</i>	<i>SMS</i> <i>MMS (which allows customers to send pictures, audio and video to mobile phones and to e-mail)</i> <i>Mobile instant messaging</i>
<i>Content/chat/infotainment services</i>	<i>Dependent upon the country of the customer</i>
<i>Data access services</i>	<i>On GPRS and EDGE, and 3G</i>
<i>RBT</i>	<i>Customized ring back tones</i>

Roaming

In Africa & Asia, our operations generally have active roaming agreements covering a number of countries in Europe, Asia, North America, South America, Australia and Africa. Our roaming arrangements vary according to the countries in which we operate, but generally cover all major roaming destinations.

Country	Roaming Agreements (as of December 31, 2014)
<i>Pakistan</i>	<i>Active roaming agreements with 301 GSM networks in 148 countries</i> <i>GPRS roaming with 198 networks in 101 countries</i> <i>CAMEL roaming through 56 operators in 44 countries</i>
<i>Bangladesh</i>	<i>Active roaming agreements with 423 GSM networks in 155 countries</i> <i>GPRS roaming facilities in 325 networks in 117 countries</i> <i>Offer in-flight and maritime roaming with Emirates Airlines and Malaysian Airlines</i>
<i>Laos</i>	<i>Active roaming agreements with 392 GSM networks in 135 countries</i> <i>GPRS roaming with 201 networks in 64 countries</i> <i>CAMEL roaming through 26 operators in 16 countries</i>

Generally, each agreement with roaming partners provides that the operator hosting the roaming call sends us a bill for the roaming services used by our customer while on the host's network. We pay the host operator for the roaming services and bill the amount due for the provision of roaming services on our customer's monthly bill.

Interconnect

We have several interconnection agreements with mobile and fixed-line operators in Africa and Asia under which we provide traffic termination services. These services represent termination of incoming voice and data traffic from a network of our competitors when their customers call or send data to our customers.

Sales of Equipment and Accessories

Handset offerings. In order to stimulate mobile phones and smart phones penetration, we offer to our customers a broad selection of handsets and Internet devices, which we source from a number of suppliers.

USB Modems. In Africa & Asia, we generally offer our customers wireless Internet access through GPRS/EDGE and 3G networks using special Plug&Play-USB modems. In addition to providing Internet access, USB modems generally provide other functionalities such as balance top-up, tariff changing and easy management of other services in USB modem interfaces.

Mobile Telecommunications Licenses in Africa & Asia

In Africa & Asia, our mobile telecommunications services are provided pursuant to licenses in the countries in which we operate. The following is a summary of the key terms of our licenses in Africa & Asia:

<u>Country</u>	<u>Licenses</u>
<i>Pakistan</i>	<i>2G, 3G WLL, Long Distance and International licenses for the entire territory of Pakistan and for Azad Jammu Kashmir and Gilgit Baltistan.</i> <i>The 2G licenses will expire in 2022 and the 3G license will expire in 2029.</i>
<i>Bangladesh</i>	<i>2G and 3G license for the entire territory of Bangladesh.</i> <i>The 2G license will expire in 2026. The 3G license will expire on September 18, 2028.</i>
<i>Laos</i>	<i>2G, 3G, WLL, ISP, WIMAX and IGW licenses for the entire territory of Laos.</i> <i>The 2G license will expire in 2022, while the 3G license was issued in November 14, 2012 (effective as of January 1, 2013) and is renewed on an annual basis.</i>

Competition—Mobile Business in Africa & Asia

Pakistan

The Pakistani telecommunications sector has experienced significant growth over the past ten years due to a variety of reasons. The introduction of several new operators to the market has increased the level of competition and resulted in an overall drop in prices making it more affordable for consumers to own mobile phones. Additionally, the continuous investment in network expansion carried on by operators provided a higher percentage of the Pakistani population with access to mobile services as compared to before. The availability, affordability and ease of use of handsets also contributed to the growth of the overall mobile industry.

Pakistan is mainly a 2G market. However, 3G is growing following its launch in 2014. Mobilink launched 3G services in 31 cities, reaching as the first operator 2 million 3G customers.

According to the Pakistan Telecommunications Authority, there were approximately 136 million customers in Pakistan as of December 31, 2014, representing a penetration rate of approximately 73.1% (inclusive of Azad

Jammu Kashmir and Northern Areas). The Pakistani mobile telecommunications market has five main operators: Mobilink, Telenor Pakistan, Ufone, Warid and Zong. Telenor Pakistan is a member of Telenor Group and has been operating commercially in the market since 2005. Ufone is a member of the Etisalat Group and started operations in 2001. Warid Telecom is a wholly owned company of the Abu Dhabi Group and launched its cellular services in Pakistan in May 2005. Zong is wholly owned by China Mobile.

The following table shows our and our competitors' respective customer numbers in Pakistan as of December 31, 2014:

<u>Operator</u>	<u>Customers in Pakistan (in millions)</u>
Mobilink (VimpelCom)	38.5
Telenor Pakistan	36.5
Zong	26.3
Ufone	22.0
Warid	12.5

Source: The Pakistan Telecommunications Authority.

Bangladesh

The mobile telecommunications industry was introduced late in Bangladesh. Since Grameenphone launched its GSM technology in 1997, the industry has grown rapidly. In the last decade the penetration increased from 0.8% in 2002 to 72.4% in 2014 according to the Bangladesh Telecommunications Regulatory Commission. Increased demand for mobile telecommunications services is largely due to the expansion of the economy of Bangladesh and a corresponding increase in disposable income, declining tariffs which have made mobile telecommunications services more affordable to the mass market customer segment, and improved service quality and coverage. Bangladesh is mainly a 2G market with prepaid customers. However, 3G usage is growing following the launch of 3G service in October 2013. The growing 3G network is expected to increase average revenue per user as the use of the Internet grows with improving data speed presenting a significant opportunity to grow market share in significant urban centers. At the end of 2014, 5.1% of Banglalink customers were using 3G data service.

According to the Bangladesh Telecommunications Regulatory Commission, there were approximately 120 million customers in Bangladesh as of December 31, 2014, representing a penetration rate of approximately 72.4%.

The mobile telecommunications market in Bangladesh is highly competitive. The top three mobile operators, Grameenphone, Banglalink and Robi, collectively held approximately 89.5% of the mobile market in Bangladesh as of December 31, 2014 according to the Bangladesh Telecommunications Regulatory Commission. In addition to Grameenphone and Robi, we also compete with Airtel, Citycell and Teletalk.

The following table shows our and our competitors' respective customer numbers in Bangladesh as of December 31, 2014:

<u>Operator</u>	<u>Customers in Bangladesh (in millions)</u>
Grameenphone	51.5
Banglalink (VimpelCom)	30.9
Robi	25.3
Airtel	7.5
Teletalk	3.9
Citycell	1.3

Source: The Bangladesh Telecommunications Regulatory Commission.

Laos

The Lao telecommunication market is strictly regulated by fixed price floors and limited promotion periods. VimpelCom Lao has been impacted by these regulations, resulting in a declining subscriber base.

According to Analysys Mason, there were approximately 4.7 million customers in Laos as of December 31, 2014.

The Lao mobile telecommunications market has four operators: Unitel; VimpelCom, operating through our subsidiary VimpelCom Lao Co.; Lao Telecom; and ETL. Unitel is a joint venture between Viettel Global Joint Stock Company (“Viettel Global”) and Lao Asia Telecom (“LAT”). Lao Telecom (“LTC”) is jointly owned by the Lao Government (51.0%) and Shinawatra International Public Company Limited (49.0%). ETL is 100% controlled by the Lao Government (via the Ministry of Communication, Transport, Post and Construction).

The following table shows our and our primary mobile competitors’ customer numbers in Laos as of December 31, 2014:

<u>Operator</u>	<u>Customers in Laos (in millions)</u>
Unitel	2.3
LTC	1.7
VimpelCom Lao Co. (VimpelCom)	0.2
ETL	0.5

Source: Analysys Mason Research for all companies except VimpelCom Lao Co.

Marketing and Distribution—Mobile Business in Africa & Asia

Below is a summary of our sales and distribution arrangements in the countries in which we operate:

- In Pakistan, we offer a portfolio of tariffs and products designed to cater to the needs and requirements of specific market segments, including mass-market customers, youth customers, personal contract customers, SOHOs (with one to five employees), SMEs (with six to 50 employees) and enterprises (with more than 50 employees). We offer corporate customers several postpaid plan bundles, which include on-net minutes, variable discount for closed user groups and follow-up minutes based on bundle commitment. As of December 31, 2014 our sales channels include seven company stores, 21 business centers, a direct sales force of over 350 employees, 379 franchise stores, 73 contractual direct-selling representatives, and over 229,000 third party retailers.
- In Bangladesh, we offer our customers several national prepaid and postpaid tariff plans, focusing on mass, youth and B2B segments. We divide our primary target customers into five categories: high-value customers (for the top 20% of our high-ARPU-generating customers); public call offices (a telephone facility in a public place providing calling-card-based domestic and international telecommunications services), enterprises (for companies with 15 or more employees), SME accounts (for companies with one to 15 employees) and mass customers. We also offer specific-business value-added services and special pricing based on volume and contractual commitment, which include Fleet Tracking and Bulk SMS. We provide our large enterprise accounts with specialized customer service and enterprise relationship management. With rapid growth in 3G network, we are offering a wide range of 3G products which cater to the need of different segments to add information on current 3G offers. As of December 31, 2014, our sales and distribution channels include nine company stores, a direct sales force of 78 permanent employees (Zonal sales managers), 109 franchise stores, 52,048 retail SIM selling outlets, 198,437 top up selling outlets and 1,182 Banglalink service points.

- In Laos, we offer pricing plans for contract, prepaid and Internet services for residential and corporate customers. Local price plans include plans for heavy users, handset packages and closed user groups for families and communities. Most tariffs are quoted in the local currency. We distribute our mobile services and products through 5 exclusive distributors and 79 promoters.

Fixed-line Business in Africa & Asia

Description of Fixed-Line Services in Africa & Asia

Our fixed-line business in Africa & Asia is limited to our operations in Pakistan. We do not offer fixed-line services in other countries in which we operate in Africa & Asia. Our fixed-line business in Pakistan includes internet, data and value added services over a wide range of access media, covering major cities of Pakistan. We also offer domestic and international long distance services, point-to-point leased lines, dedicated Internet services through our access network, virtual private network, or “VPN,” services, value added services, such as web hosting, email hosting and domain registration, DSL and xDSL services, WiMax services, VSAT services, Metro Fiber, which provides last mile access to the enterprise sectors in Karachi, Lahore and Islamabad and P2P radios for connecting to our network.

Competition—Fixed-line Business in Africa & Asia

In Pakistan, our fixed-line business faces significant competition from other providers of fixed-line corporate services, carrier and operator services and consumer internet services.

In Pakistan, our main competitors for fixed-line corporate services are Pakistan Telecommunication Corporation, or “PTCL,” Multinet, Wateen, Supernet, Cybernet, Nexlinx and Nayatel. Our main competitors for carrier and operator services are PTCL, Wateen, World Call, Wi-Tribe, and Telenor Pakistan. Our main competitors for consumer Internet services are PTCL, Wateen, World Call, Wi-Tribe and Qubee.

Marketing and Distribution—Fixed-line Business in Africa & Asia

In Pakistan, we utilize a direct sales force for corporate customers. We employ a team of regional sales managers in three different regions supported by dedicated sales force and account managers. For consumer DSL, we use direct sales channels, indirect sales channels and telesales. Our telesales operate in Lahore in Central Region with a team of telesales executives led by a sales manager. We offer WiMax services to the consumer market only in Karachi. Direct sales are supported by a dedicated sales force of business development officers. Indirect sales are supported by retail business development officers who offer services through our franchise network. Our telesales channel also offers WiMax services.

Description of Operations of the Ukraine Segment

Mobile Business in Ukraine

Kyivstar Transformation program

Kyivstar experienced significant pressure on results in 2014, due to the transition to lower priced bundled tariff plans and more conservative spending behavior by customers as a result of the challenging macro-economic and geopolitical environment. Kyivstar, during 2013, launched its transformation program with the aim to improve customer excellence and operational performance. The transformation was ongoing during 2014 and has been delivering positive results. Net Promoter Scores improved, particularly in network quality perception, but also due to attractive simplified tariff offerings focused on on-net, off-net, Internet and FTTB. As a result, Kyivstar reported the leading position in NPS and annualized churn improved during 2014.

Description of Mobile Services in Ukraine

Mobile Voice Services

As of December 31, 2014, approximately 9.1 % of our customers in Ukraine were on postpaid plans and approximately 90.9 % of our customers in Ukraine were on prepaid plans.

Call Completion and Value Added Services

In Ukraine, we offer the same call completion and value added services as in Russia. For a description of these services, see “Item 4—Information on the Company—Description of Operations of the Russia Segment—Mobile Business in Russia—Description of Mobile Services in Russia.”

Roaming

As of December 31, 2014, Kyivstar provided voice roaming on 428 networks in 195 countries, GPRS roaming on 350 networks in 158 countries and 3G roaming on 208 networks in 102 countries.

Wireless Internet Access

In Ukraine, we provide our customers with wireless Internet access through GPRS/EDGE networks. The service was commercially launched in 2008. Customers receive a USB modem and SIM card with a pre-installed special Internet rate data plan.

Mobile Telecommunications Licenses in Ukraine

In Ukraine, Kyivstar holds 900 MHz GSM and 1,800 MHz GSM cellular licenses to provide telecommunications services throughout the territory of Ukraine. These licenses were received on October 5, 2011 for a term of 15 years each and will expire on October 4, 2026.

On February 25, 2015, VimpelCom announced that Kyivstar has been awarded one of three licenses to provide nationwide 3G services in the 2100 Mhz band. The results of the auction have been approved by the National Commission for the State Regulation of Communications and Informatization of Ukraine. The license is valid for a period of 10 years.

We have also obtained a range of national and regional radio frequency licenses for use of radio frequency resource in the referred standards and in specified standards—RRL and WiMax. Our network covers approximately 98% of Ukraine’s population.

Competition—Mobile Business in Ukraine

According to Analysys Mason Research, as of December 31, 2014, there were approximately 62 million customers in Ukraine, representing a penetration rate of approximately 137.8 %. There are currently three mobile operators with national coverage in Ukraine: Kyivstar, Mobile TeleSystems—Ukraine (“MTS Ukraine”) and LLC Astelit.

The following table shows our and our primary mobile competitors’ respective customer numbers in Ukraine as of December 31, 2014:

<u>Operator</u>	<u>Customers (in millions)</u>
Kyivstar (VimpelCom)	26.2
MTS Ukraine	22.9
Astelit	10.3

Source: Analysys Mason Research for all companies except Kyivstar.

Kyivstar and MTS Ukraine

Kyivstar competes primarily with MTS Ukraine, which is 100% owned by MTS and operates a GSM-900/1800 network in Ukraine.

Other Competitors in Ukraine

Kyivstar also competes with Astelit, which operates throughout Ukraine. Kyivstar also competes with Trimob, a company which was separated from Ukrtelecom to provide services under a 3G license, and with other small CDMA players.

Marketing and Distribution—Mobile Business in Ukraine

In Ukraine, we offer several prepaid and contract tariff plans, each one targeted at a different type of customer.

We divide our primary target customers into two large groups:

- B2B (subdivided into SME customers and LE customers); and
- B2C (mass market) customers.

The Ukrainian mobile market operates primarily on prepaid plans. To attract more contract customers, we have differentiated our service levels to provide higher customer service to our contract customers, such as direct access to customer service agents on a dedicated contract customer service line, in addition to our initiatives to increase the flexibility and accessibility of the payment methods offered to contract customers. Kyivstar further simplified its offerings by introducing new tariff plans in 2014 focused on on-net, off-net, Internet and FTTB.

Customer Loyalty Programs

In Ukraine, to promote brand loyalty we use “Kyivstar club” program, providing a monthly bonus, which is a percentage of the amount spent by the customer’s usage per month and the length of time the customer has been a Kyivstar customer. In 2015 we are planning to introduce new loyalty programs that aim to stimulate gross adds in SME segment and in the LE segment we are planning to offer individual discounts for clients and pricing.

Fixed-line Business in Ukraine

Description of Fixed-line Services in Ukraine

Business Operations

We have constructed and own a 44,634 kilometer fiber optic network, including 24,917 kilometers within cities, 15,188 kilometers and 9,729 kilometers local FOL for FTTB, which is interconnected to the local PSTN in Kyiv, to other major metropolitan areas in Ukraine and to our gateway. We provide data and Internet access services in almost all metropolitan cities in Ukraine.

Our fixed-line services include corporate Internet access, VPN services, data center, contact center, fixed-line telephony and a number of value added services. Internet access services include connection to the Internet via ADSL, symmetrical and ethernet interfaces at speeds ranging from 256 kbps to 10 Gbps. Fixed-line voice services are available in 30 major cities of Ukraine.

As of December 31, 2014, we owned in total 44,634 kilometers of fiber optic cable (including Backbone and MAN) that satisfies almost all our needs in terms of transmission network capabilities with a negligible level of leased capacity still being needed.

Local Access Services. We provide local access services to corporate customers by connecting their premises to our fiber optic network, which interconnects to the local PSTN in 30 major Ukrainian cities.

International and Domestic Long Distance Services. We provide outgoing international voice services to business customers through our international gateway and direct interconnections with major international carriers. DLD services are primarily provided through our own intercity transmission network and through interconnection with Ukrtelecom's and other operators' networks. We also hold an international license that enables us to provide international voice and data services to our business and corporate customers.

Dedicated Internet and Data Services. We provide a VPN service that has an integrated voice and data ISDN connection, frame relay, broadband digital customer line and dedicated Internet services.

Information Services. We provide telecommunications services to financial and banking companies, such as S.W.I.F.T., access to processing centers, news services to companies such as Reuters, as well as conduits to airline reservation systems in Ukraine. Our data center provides server co-location and hosting services for news agencies and financial and entertainment services providers.

Mass Market Services. We offer telephone and Internet broadband access services (through FTTB or ADSL) for mass market customers.

Wholesale Operations

Our joint carrier and operator services division in Ukraine provides local, international and intercity long distance voice traffic transmission services to Ukrainian fixed-line and mobile operators on the basis of our proprietary DLD/ILD network as well as IP transit and data transmission services through our own domestic and international fiber optic backbone and IP/MPLS data transmission network.

We derive most of our carrier and operator services revenue in Ukraine from voice call termination services to our own mobile network, and voice transit to other local and international destinations.

Residential and FTTB Operations

In Ukraine, we offer the fixed-line and wireless Internet services. We began providing fixed-line broadband services in Ukraine in 2008 and as of December 31, 2014 provided services in 130 cities in Ukraine. In connection with this service, we have been engaged in a project to install FTTB for fixed-line broadband services in approximately 45,076 residential buildings in 130 cities, providing over 60,953 access points.

Licenses for Fixed-line Business in Ukraine

The table below sets forth the principal terms of the licenses which are important to our fixed-line business in Ukraine.

<u>License Type</u>	<u>Region</u>	<u>Expiration Date</u>
International communication	All of Ukraine	August 18, 2019
Long-distance communication	All of Ukraine	August 18, 2019
Local communication	All of Ukraine	August 29, 2015

Competition—Fixed-line Business in Ukraine

Business Operations

In the voice services market for business customers, we compete with Ukrtelecom, Datagroup, Vega, and a number of other small operators. There is a high level of competition with more than 2,000 ISPs in Ukraine. Our main competitors in the corporate market for data services are Ukrtelecom, Volia, Vega and Datagroup.

Wholesale Operations

In Ukraine, carrier and operator services market competitors include Datagroup, Ukrtelecom, and Vega.

Consumer Internet Services

Our main competitors for provision of consumer Internet services in Ukraine are Volia and Ukrtelecom. From December 31, 2013 to December 31, 2014, we increased the number of broadband customers in Ukraine by 10% from 761,532 to 813,286.

Marketing and Distribution—Fixed-line Business in Ukraine

Business Operations

Our company emphasizes high customer service quality and reliability for its corporate large accounts while at the same time focusing on the development of its SME offerings. We sell to corporate customers through a direct sales force and various alternative distribution channels such as IT servicing organizations and business center owners, and to the SME through dealerships, direct sales, own retail and agent networks.

We use a customized pricing model for large accounts which includes, among other things, service or tariff discounts, volume discounts, progressive discount schemes and volume lock pricing. We use standardized and campaign-based pricing for SME customers.

Fixed-line services have significant potential considering positive difference in market share and brand preference for the B2B market. Fixed-line services are used as an effective tool to acquire, develop and retain corporate large accounts, especially in financial, agricultural and retail sectors.

Residential and FTTB Operations and operator services in Ukraine

Our marketing strategy is focused on attracting new customers. We offer several tariff plans, each one targeted at a different type of customer. In 2014 our consumer fixed-line Internet services business was supported by BTL activities, including a leaflets distribution, in areas where the service is provided.

Fixed-line Broadband Internet Access. We offer a wide range of FTTB services tariffs targeted at different customer segments. There are four unlimited tariff plans with monthly fees, which offer different speeds up to 100 Mbps for active Internet users.

Description of Operations of the CIS Segment

Mobile Business in the CIS

Description of Mobile Services in the CIS

Mobile Voice Services

As of December 31, 2014, approximately 2% of our customers in the CIS were on postpaid plans and approximately 98% of our customers in the CIS were on prepaid plans.

Call Completion and Value Added Services. In the CIS, we offer the same call completion and value added services as in Russia (except for location based services). For a description of these services, see “—Description of Operations of the Russia Segment—Mobile Business in Russia—Description of Mobile Services in Russia.”

Roaming. In the CIS, we have roaming arrangements with a number of other networks, which vary by country of our operations.

Country	Roaming Agreements (as of December 31, 2014)
<i>Kazakhstan</i>	<i>Voice roaming on 541 networks in 185 countries GPRS roaming on 383 networks in 148 countries CAMEL roaming on 230 networks in 96 countries</i>
<i>Uzbekistan</i>	<i>Voice roaming on 484 networks in 184 countries GPRS roaming on 344 networks in 156 countries CAMEL roaming on 205 networks in 97 countries</i>
<i>Armenia</i>	<i>Voice roaming on 401 networks in 173 countries GPRS roaming on 297 networks in 128 countries CAMEL roaming on 193 networks in 92 countries</i>
<i>Tajikistan</i>	<i>Voice roaming on 187 networks in 85 countries GPRS roaming on 162 networks in 79 countries CAMEL roaming in 100 networks on 58 countries</i>
<i>Georgia</i>	<i>Voice roaming on 195 networks in 83 countries GPRS roaming on 135 networks in 73 countries CAMEL roaming on 111 networks in 59 countries</i>
<i>Kyrgyzstan</i>	<i>Voice roaming on 424 networks in 144 countries GPRS roaming on 159 networks in 76 countries CAMEL roaming on 90 networks in 50 countries</i>

Mobile Internet Services

We have partnered with Opera Software to offer a “Beeline” branded version of the Opera Mini browser under a framework agreement in all CIS BU countries. We have promotional zero-zones for major local and international social networks in CIS countries to lower the entry barrier for new data-users and stimulate consumption for existing ones. We also focus on smartphone penetration growth in our countries as the major source of effective demand for our mobile internet services.

In Kazakhstan, we provide customers with wireless Internet access over GPRS/EDGE/UMTS networks. Our UMTS/HSPA network was commercially launched in January 2011. The wireless Internet services that we offer include small screen Internet (data services and options in regular voice price plans) and large screen Internet (special Internet price plans bundled with USB modem or without a modem for PC and note/netbooks).

In Uzbekistan, we provide customers with wireless Internet access over GPRS/EDGE/UMTS/4G/LTE networks. The UMTS/HSPA services were commercially launched in 2008 and the majority of the network was constructed in 2010. In September 2014, we launched 4G/LTE in Tashkent. We provide Internet services both for smartphones and feature phones as well as for USB dongles and tablet computers. We focus on small screen users and we have begun to integrate mobile services of popular social networks. Devices provided are locked for the Beeline network so that they only work within our network.

In Armenia, we provide customers with wireless Internet access over GSM/GPRS/EDGE/UMTS networks. UMTS services were commercially launched in 2009. For small screen customers, we launched data bundles for Internet access for a daily fee with unlimited data usage and a limit on speed only after a certain amount of usage per day, and began to integrate mobile services of popular social networks, including, Odnoklassniki and Facebook. USB modems were commercially launched in July 2009. Customers receive a USB modem and a SIM card with a pre-installed special Internet rate data plan.

In Tajikistan, USB modems were launched in January 2008. We provide our customers with wireless Internet access via GSM/EDGE and UMTS networks. We provide Internet services for smartphones and feature phones as well as for USB dongles. In 2014, the usage of non-voice 3G/GPRS services increased due to a balanced set of new Internet tariffs that Tacom offered. In addition, we have offered entry level monthly and daily Internet options for our customers in Tajikistan.

In Georgia, we provide our customers with wireless Internet access through EDGE and 4G networks. Beeline in Georgia participated in the tender for 4G/LTE license, which was awarded in January 2015. Our 4G network in Georgia was launched in February 2015. The license is valid for 15 years.

In Kyrgyzstan, we provide our customers with wireless Internet access through GPRS/EDGE/UMTS/HSPA+ networks. Our UMTS/HSPA+ network in Kyrgyzstan was launched in December 2010. USB modems were commercially launched for prepaid and contract customers in November 2009. We launched attractive internet options to promote data usage during idle hours and spread the network load in Kyrgyzstan in 2014. Kyrgyzstan was successful in branded smartphone distribution in 2014 therefore increasing data user base.

Mobile Telecommunications Licenses in the CIS

<u>Country</u>	<u>Licenses (as of December 31, 2014)</u>	<u>License Expiration</u>
<i>Kazakhstan</i>	<i>National GSM-900/1800 and UMTS license for the entire territory of Kazakhstan</i>	<i>Unlimited term and can be terminated voluntarily by the operator</i>
<i>Uzbekistan</i>	<i>National license for GSM-900/1800, UMTS and 4G/LTE covering the entire territory of Uzbekistan</i>	<i>August 6, 2016</i>
<i>Armenia</i>	<i>GSM-900/1800 and UMTS license for the entire territory of Armenia</i>	<i>March 3, 2028</i>
<i>Tajikistan</i>	<i>National GSM-900/1800, UMTS and 4G/LTE licenses for the entire territory of Tajikistan</i>	<i>May 12, 2019, July 13, 2015 and December 9, 2015, respectively</i>
<i>Georgia</i>	<i>Two GSM-1800 frequency licenses and one E-GSM frequency license for the entire territory of Georgia</i>	<i>July 23, 2023, January 26, 2017 and January 25, 2018, respectively</i>
<i>Kyrgyzstan</i>	<i>National license to use radio spectrum of 900 MHz, 1800 MHz, 2100 MHz for the entire territory of Kyrgyzstan (technology neutral) National GSM-900/1800 and UMTS licenses for the entire territory of Kyrgyzstan</i>	<i>30 October 2019, May 30, 2016 and October 23, 2015, respectively</i>

On December 29, 2014, Mobitel won the tender for the 4G license conducted by the Georgian National Communications Commission. The license was obtained on January 29, 2015 and remains valid for 15 years. Under the terms of the license, Mobitel has certain specific rollout criteria and by February 1, 2020 the Mobitel 4G network should cover 90% of the villages and cities in Georgia. The commercial launch of LTE was announced on February 1, 2015.

Competition—Mobile Business in the CIS

Kazakhstan

According to Analysys Mason Research, there were approximately 27.7 million customers in Kazakhstan as of December 31, 2014, representing a penetration rate of approximately 159.5%.

The following table shows our and our primary mobile competitors' respective customer numbers in Kazakhstan as of December 31, 2014:

<u>Operator</u>	<u>Customers (in millions)</u>
GSM Kazakhstan	13.1
KaR-Tel (VimpelCom)	9.8
Tele2 Kazakhstan	3.3
AlTel	1.5

Source: Analysys Mason Research for all companies except KaR-Tel.

Uzbekistan

According to Analysys Mason Research, as of December 31, 2014, there were approximately 20.1 million customers in Uzbekistan, representing a penetration rate of approximately 65.5%. The relatively low penetration rate is caused by the single-SIM profile of Uzbekistan mobile subscribers.

The following table shows our and our primary mobile competitors' respective customers in Uzbekistan as of December 31, 2014:

<u>Operator</u>	<u>Customers (in millions)</u>
Unitel (VimpelCom)	10.6
Ucell	8.6
Others	0.9

Source: Analysys Mason Research for all companies except Unitel.

MTS re-entered the market in a joint venture with a government controlled entity in December 2014. MTS owns a 50.01% stake and the government 49.99%.

Armenia

According to Analysys Mason Research, as of December 31, 2014, there were approximately 3.6 million customers in Armenia, representing a penetration rate of approximately 120.5%.

The following table shows our and our primary mobile competitors' respective customers in Armenia as of December 31, 2014:

<u>Operator</u>	<u>Customers (in millions)</u>
K-Telecom	2.2
ArmenTel (VimpelCom)	0.8
Orange Armenia	0.6

Source: Analysys Mason Research for all companies except ArmenTel.

Tajikistan

According to Analysys Mason Research, as of December 31, 2014, there were approximately 10.2 million customers in Tajikistan, representing a penetration rate of approximately 121.7%.

The following table shows our and our primary mobile competitors' respective customers in Tajikistan as of December 31, 2014:

<u>Operator</u>	<u>Customers (in millions)</u>
Babilon Mobile	3.7
TCell	3.3
MegaFon TJ	1.8
Tacom (VimpelCom)	1.3
TK Mobile	0.1

Source: Analysys Mason Research for all companies except Tacom.

Georgia

According to Analysys Mason Research, as of December 31, 2014, there were approximately 5.7 million customers in Georgia, representing a penetration rate of approximately 132.3%.

The following table shows our and our primary mobile competitors' respective customers in Georgia as of December 31, 2014:

<u>Operator</u>	<u>Customers (in millions)</u>
Geocell	2.1
Magticom	2.0
Mobitel (VimpelCom)	1.3
Others	0.3

Source: Analysys Mason Research for all companies except Mobitel.

Kyrgyzstan

According to Analysys Mason Research, as of December 31, 2014, there were approximately 7.0 million customers in Kyrgyzstan, representing a penetration rate of approximately 124.8%.

The following table shows our and our primary mobile competitors' respective customers in Kyrgyzstan as of December 31, 2014:

<u>Operator</u>	<u>Customers (in millions)</u>
Alfa Telecom (Megacom)	2.8
Sky Mobile (VimpelCom)	2.7
Nur Telecom	1.4

Source: Analysys Mason Research for all companies except Sky Mobile.

Marketing and Distribution—Mobile Business in the CIS

All our mobile operations in CIS divide their primary target customers into five large groups:

- large account corporate customers (business market);
- SME customers (business market);
- high ARPU customers (consumer market);
- youth segment (consumer market); and
- mass market customers.

In Kazakhstan we offer a wide pricing portfolio which contains nationwide and regional tariff plans and add-ons for consumer and business segments. During 2014 the pricing portfolio for the consumer segment has been expanded by a new integrated bundle line.

In Uzbekistan, we offer several U.S. dollar-based prepaid and postpaid tariff plans, each one targeted at a different type of customer.

In Armenia, we offer several Armenian dram-based prepaid and contract tariff plans, each one targeted at a different type of customer. As of December, 2014, 15.3% of the ArmenTel customer base used postpaid plans.

In Tajikistan, we offer several Tajik somoni-based prepaid and postpaid tariff plans, each one targeted at a different type of customer.

In Georgia, we offer four Georgian lari-based prepaid tariff plans and two contract-based postpaid tariff plans for our SME and large account corporate customers.

In Kyrgyzstan, we offer seven Kyrgyz som-based price plans for our mass market customers and three price plans for SME and large account customers.

Customer Loyalty Programs

We have loyalty programs in each of the CIS countries in which we operate. These programs are based on various principles with the main target to increase the lifetime and ARPU of our customers. As of December 31, 2014, we had more than 7.1 million customers participating in these programs in the CIS.

Fixed-line Business in the CIS

Description of Fixed-line Services in CIS

Business Operations

Kazakhstan. We focus on small and medium businesses, offering services including high-quality, high-speed Internet, fixed-line voice and data transmission. We also offer specialized services for multi-national corporations and financial institutions. We provide the following services for corporate customers:

- high-speed Internet access (including fiber optic lines, wireless technology, WiMax and satellite technology);
- local, long-distance, international fixed-line voice services (including traditional telephony, IP and session initiation protocol (“SIP”) telephony);
- local, intercity and international channels (including leased lines and IP VPN through fiber optic, wireless, WiMax and satellite technologies); and
- organizational services for integrated corporate networks (including integrated network voice and data services).

Uzbekistan. We provide a large range of telecommunication services available on the Uzbek market, such as network access and hardware and software solutions, including configuration and maintenance. Our company has its own basic fiber-optical digital network in the cities of Tashkent, Samarkand, Bukhara, Zarafshan and Uchkuduk, which is longer than 340 kilometers, and copper cables, which are longer than 240 kilometers, that allow users to connect and to render services practically in any region of Uzbekistan. We provide the following services for corporate and individual customers:

- high-speed Internet access (including fiber optic lines and xDSL), telephony, and long distance and international long distance telephony on prepaid cards;
- telephone communication services, based on copper wires and the modern digital fiber optic network;

- dedicated lines of data transmission; and
- dedicated line access and fixed-line mobile convergence.

Armenia. Our company is an integrated provider of a large range of telecommunication services available on the Armenian market, such as PSTN-fixed and IP telephony, Internet, data transmission and network access, as well as domestic and international voice termination, and TCP/IP (transmission control protocol/Internet protocol) international transit traffic services. We operate a national network. We provide the following services for corporate and individual customers:

- local telephony services;
- international and domestic long distance services;
- dedicated Internet and data services (including ADSL and fiber optic lines); and
- voice over IP services.

Wholesale Operations

Kazakhstan. We have several interconnection agreements with mobile and fixed-line operators in Kazakhstan under which KaR-Tel provides traffic termination services. Our subsidiary, TNS-Plus, has international interconnection agreements with operators in Russia, Uzbekistan and Kyrgyzstan and provides international voice traffic transit and international line rental services for Kazakh and international operators.

Uzbekistan. We have interconnection agreements with Uztelecom, the incumbent fixed-line services provider in Uzbekistan, through which all national and international traffic is routed, and other operators in Uzbekistan.

Armenia. Our subsidiary ArmenTel is the Armenian incumbent mobile and fixed-line operator. ArmenTel operates a national network and local networks in every city of Armenia. In Armenia, we provide domestic and international voice termination, intercity and local leased channels and IP transit.

Tajikistan. In Tajikistan, we have interconnection agreements with all local operators. Under the interconnection agreements, we provide voice call termination to our own network. We also have a license to provide international communications in Tajikistan which allows our subsidiary there to interconnect with OJSC VimpelCom directly.

Georgia. In Georgia, our subsidiary Mobitel has interconnection agreements with ArmenTel and OJSC VimpelCom, and four agreements with local operators. Under these agreements Mobitel provides voice call termination to its own network.

Kyrgyzstan. In Kyrgyzstan, we have interconnection agreements with all local operators. Under the interconnection agreements, we provide voice call termination to our own network. We also have a license to provide international communications in Kyrgyzstan which allows our subsidiary there to interconnect with OJSC VimpelCom directly.

Residential and FTTB Operations

In Kazakhstan, we offer the same spectrum of fixed-line broadband and wireless Internet access as in Russia. For more information, see “—Description of Operations of the Russia Segment—Fixed-line Business in Russia.” In Kazakhstan, we launched a co-branded version of Opera Software’s Opera Mini web browser and offer unlimited browsing services to our customers. We also launched various mobile Facebook services and have plans to launch others.

In Uzbekistan and Armenia, we offer the same spectrum of fixed-line broadband and wireless Internet access as in Russia. For more information, see “—Description of Operations of the Russia Segment—Fixed-line Business in Russia.” In Armenia, we offer PSTN-fixed and IP telephony services, as well as fixed-line broadband Internet access based on ADSL technology and dial-up services and wireless Internet access based on CDMA technology.

Licenses—Fixed-line Business in CIS

We have fixed-line, data and long distance licenses which are important to our fixed business in Uzbekistan, Armenia, Tajikistan and Kyrgyzstan in respect of Local Communications Services, International and National Telematic Services Data Transmission Services and Communications Services. These licenses will expire between August 4, 2015 and March 3, 2029.

Competition—Fixed-line Business in the CIS

Business Operations

Kazakhstan. We operate an Internet service provider in Kazakhstan, where we compete primarily with state-owned provider Kazakhtelecom, KazTransCom, owned by TeliaSonera, TransTelecom, owned by the Kazakhstan Temir Zholy (a railway company), Astel (a leader in the provision of satellite services) and several other small operators in the regions.

Uzbekistan. We operate large independent fixed-line services in Uzbekistan, where we offer a full spectrum of integrated telecommunication services. In Uzbekistan, we compete with the state-owned provider, Uztelecom, East Telecom, Sarkor Telecom, Sharq Telecom and EVO. There is a high level of competition in the capital city of Tashkent. The fixed-line Internet market in the regions remains undeveloped.

Armenia. We are the largest fixed-line services operator in Armenia, where we offer a broad spectrum of fixed-line services to government, corporate and private customers across Armenia. There are more than 14 active operators in Armenia. The largest operators are U!Com, “Armenian Datacom Company” CJSC, GNC-Alfa and CrossNet.

Marketing and Distribution—Fixed-line Business in CIS

Kazakhstan. We are focusing our development in Kazakhstan on customer base and revenue growth, which we aim to promote by expanding our transport infrastructure, strengthening our position in the market, developing our sales efforts and data services.

Uzbekistan. In Uzbekistan, our strategy includes maintaining our current market position by retaining our large corporate clients customer base.

Armenia. In Armenia, our strategy includes focusing on customer retention and ARPU growth by developing new services, including Internet access through a fiber optic network with a guaranteed speed to corporate customers and government organizations.

Regulatory

For a description of the regulation of our telecommunications businesses, see Exhibit 99.2—Regulation of Telecommunications.

Seasonality

Our mobile telecommunications business is subject to certain seasonal effects. Generally, revenue from our contract and prepaid tariff plans tends to increase during the December holiday season, and then decrease in January and February. Mobile revenue is also higher in the summer months, when roaming revenue increases significantly as customers tend to travel during these months. Guest roaming revenue on our networks also increases in this period.

Our fixed-line telecommunications business is also subject to certain seasonal effects. Among the influencing factors are the number of working days during periods and periods of vacations. Generally, our revenue from our fixed-line telecommunications business is lower when there are fewer working days in the period or a greater number of customers are on vacation, such as during the summer months.

Equipment and Operations

Mobile Telecommunications Equipment and Operations

Mobile Telecommunications Network Infrastructure

GSM, 3G and 4G/LTE and LTE Advanced technologies are based on “open standards,” which means that standard compliant equipment from any supplier can be added to expand the initial network. Our GSM/GPRS/EDGE/UMTS/4G/LTE/LTE-A networks, which use mainly Ericsson, Huawei, Alcatel-Lucent, Nokia, Cisco Systems and ZTE equipment, are integrated wireless networks of radio base station equipment, circuit and packet core equipment and digital wireless switches connected by fixed microwave transmission links, fiber optic cable links and leased lines. We manage all major suppliers centrally to achieve the benefits of purchasing scale of the Group and ensure that we receive on an ongoing basis the best commercial terms possible. We make supplier selection decisions based mainly on compliance with technical and functional requirements and total cost of ownership, seeking to optimize network operations and provide the best value and experience to our customers.

Site Procurement and Maintenance

We enter into agreements for the location of base stations in the form of either leases or cooperation agreements that provide us with the use of certain spaces for our base stations and equipment. Under these leases or cooperation agreements, we typically have the right to use premises located in attics or on top floors of buildings for base stations, space on roofs of buildings for radio units and antennas or space on greenfield land to place our towers and equipment shelters.

New Technology

We continue to move toward a high-speed broadband connection environment deploying new technologies in fixed-line and mobile networks. We are also introducing new network technologies aiming to improve customer experience, optimize network usage and increase investment efficiency, such as step-by-step migration to new Radio Access technologies and next generation architecture. In certain countries we have implemented key technologies to improve voice quality, such as tandem free operation (“TFO”), transcorder free operation (“TrFO”), Adaptive Multi-Rate (“AMR”), HD Voice codecs and Voice over LTE (“VoLTE”). TFO and TrFO are technologies that remove voice transcoding operations during the call so the voice quality can be improved and resources in media gateways can be saved. AMR is the technology to dynamically adapt the coding rate to the radio conditions in order to deliver the optimum voice quality. HD Voice is a set of high definition codecs that provide high-definition voice quality during the call. VoLTE is the technology to enable Voice calls over LTE network with higher voice quality and lower call setup times. These technologies are being implemented in commercial networks in Group operational companies after testing to ensure the quality of the network.

In the area of data services we have successfully launched Data Traffic Management systems that provide the unique possibility to increase customer perception of mobile broadband services and at the same time more efficiently utilize network resources. We are continuing to extend the functionality of DTM infrastructure to further stretch the possibilities of data services monetization and improve the customer experience, including with Mobile Toolbar and Fair Usage Policy for data services.

We are investing in radio access technologies that will ensure a high level of quality of our broadband services in the future, such as 3G/HSPA+, 4G/LTE, at the same time using the possibilities to optimize investments by rolling out Single-RAN network. We have acquired new spectrum in several operating companies

to boost our networks capacity and enable the launch of new Radio Access Networks Technologies enhancing the network capacity and spectral efficiency, recently including 3G on 2100MHz in Algeria, 3G on 2100MHz in Pakistan and LTE on 800MHz in Georgia.

We have successfully conducted several laboratory tests and pilots of technologies that improve the customer experience and network efficiency. We commercially launched the 4G/LTE Carrier Aggregation in Moscow (providing top speeds exceeding 100 Mbps on the 4G/LTE network), and completed a successful lab testing of the VoLTE service, while continuing the SON (Self Optimized Network) pilot in Russia and Uzbekistan, which yielded highly positive results.

In order to comply with Russian MNP regulations, we have launched MNP process in December 2013.

In order to comply with the requirements of the 4G/LTE licenses that OJSC VimpelCom was awarded in Russia in July 2012, OJSC VimpelCom has launched 4G/LTE services in 46 regions in the Russian Federation in 2014. OJSC VimpelCom is currently expanding and improving its access and transport network in other regions of Russia to comply with further requirements, as further described in “—Description of Operations of the Russia Segment—Mobile Business in Russia—Mobile Telecommunications Licenses in Russia—4G/LTE License”. We also have launched 4G/LTE services in Uzbekistan and three pilot 4G/LTE networks in CIS countries. In Georgia, we successfully launched commercial 4 G/LTE on February 1, 2015.

In Italy, WIND is continuing to invest in research initiatives for new technologies and broadband services in both the fixed-line and mobile sectors, with a particular focus on “green” aspects and the opportunity coming from the “Big Data” approach. As confirmation of WIND’s commitment to technology and service innovation, the Financed Projects team—established in 2008 and based in Ivrea—is devoted to monitoring, studying and testing technological and business trends from a medium/long term perspective, in cooperation with internal business and technology functions, to follow the innovation opportunities aligned with WIND’s strategy. The team developed relationships with leading national and international universities and research institutions, co-sponsoring new ideas and participating in EU development initiatives. In 2014, the team was involved in research projects on: (i) “Big Data” approach to extract information from mobile network traffic in order to identify patterns and to develop predictive models for traffic planning, touristic flows forecast and development of new applications related to sustainable mobility; (ii) solutions for security and privacy management for data; and (iii) environmentally friendly ICT solutions (“green ICT”), with a specific focus on green data centers.

As of December 31, 2014, WIND’s LTE core network infrastructure consisted of four MME Mobility Management Entities, two HSS Home Subscriber Servers, four PDN GW PDN Gateways, and four S GW Serving Gateway sites in 4G/LTE technology to further enhance its indoor data service coverage and to allow WIND to offer superior data download and upload speeds based on 4G/LTE.

To support rapidly growing data traffic, we have installed dense wavelength division multiplexing, or “DWDM”, equipment on our backbone in several operating companies. We are also implementing an expansion of our IP backbone network to support movement to an all-IP network architecture.

For a discussion of the risks associated with new technology, please see the section of this Annual Report on Form 20-F entitled “Item 3—Key Information—D. Risk Factors—Risks Related to Our Industry—Our failure to keep pace with technological changes and evolving industry standards could harm our competitive position and, in turn, materially harm our business.”

Fixed-line Telecommunications Equipment and Operations

Fixed-line Telecommunications Network Infrastructure

Russia

Our transport network carries voice, data and Internet traffic of mobile network, FTTB and our fixed-line customers. The backbone of our transport network is an optical cable network. The Big European Ring (main fiber ring) and a few rings in Central, Ural, Siberian, South and North Caucus regions connect the major cities in the Western part of Russia and the Eastern part up to and including Siberia. We also lease capacity from Rostelecom and Transtelcom to reach the Far-Eastern part of Russia. The two chords links provide additional protection and capacity for the Big European Ring. The total length of our Intercity optical cable network reaches 43,526 kilometers. We use satellite technology to connect remote Russian sites where on-land communications are not available. There are protected optical lines connecting Moscow and St. Petersburg, and which pass to Stockholm, London and Frankfurt. Two independent optical lines connect our optical networks in Russia and Ukraine. Three cross-boundary lines to Kazakhstan provide reliable connections to Kazakh, Uzbek and other Asian telecommunication operators.

We have built the interregional (also called “zone”) transport networks that connect our sites in small towns and the countryside. The total length of local fiber cables is 43,662 kilometers and the total length of our zonal fiber cables is 46,840 kilometers. These networks are constructed in more than 220 cities, which provide our customers with IP VPN services, voice services and access to Internet.

Our fixed-line voice network has the following three levels: local, regional and federal. The local voice networks, constructed in 180 cities, provide customers with fixed-line voice services. Our local network in Moscow is integrated into the telephone network and connected to 142 transit and local nodes of urban telephone network (“UTN”). We have completed construction of zone networks in 52 Russian regions, which helps us to minimize payments to incumbent local operators for voice transit. Our federal transit network consists of eight international transit exchanges, 14 intercity communications transit exchanges installed in each of the federal districts of Russia, and connection points (access nodes) located in each region of Russia. The network provides mobile and fixed-line customers with long-distance voice services and minimizes our costs of traffic.

FTTB

Our company is rolling out FTTB networks in Russia, Ukraine and the CIS. Technically, FTTB offers higher transmission speed, more bandwidth and better security compared to all existing xDSL and other quasi-broadband solutions. In Russia, where the local loop has not been unbundled and the quality of copper lines is generally poor, construction of fiber networks helps to create alternative high quality access to customers’ apartments.

As of December 31, 2014, we had approximately 2.26 million customers connected to our FTTB network in Russia. The network operates in 139 cities across Russia (130) and the CIS (9). We have the largest FTTB network in Moscow and the core broadband market in Russia.

Italy

In Italy, we have an integrated network infrastructure providing high capacity transmission capabilities and extensive coverage throughout Italy. Our mobile and fixed-line networks are supported by over 21,744 kilometers of fiber optic cable backbone in Italy and 4,995 kilometers of fiber optic cable MANs as of December 31, 2014. Our network in Italy uses a common system platform, which is referred to as the “intelligent network,” for both our mobile and fixed-line networks.

As of December 31, 2014 we had 1,458 LLU sites for direct customer connections (around 62% of the population is covered), and had interconnections with the incumbent operator in order to offer voice and data services to the rest of the population.

IP Network, based on MPLS hierarchical backbone and connected to main national and international operators, is developed in all of Italy and it is able to offer fixed and mobile broadband services to consumer and corporate customers.

WIND Internet network access is implemented by an all-IP network, with over 50 POPs, for direct (xDSL) and indirect Internet access services, as well as VPN (xDSL, Fiber Optics). The IP nodes access network consists of 53 BRAS for consumer services and 64 Edge Routers for Business application, located in POPs to ensure optimal coverage of the national territory.

WIND has signed a commercial agreement with Metroweb to enable WIND to provide customers in Milan with access to fiber through fiber to the home technology. Beginning in 2013, WIND began to offer high speed services in fiber to the home technology under this contract in Milan, where it marketed offers in fiber optic technology which allows the end user to reach download speeds of up to 100 Mbps and upload speeds of up to 10 Mbps.

Ukraine

Our transport network is designed to provide a full spectrum of telecommunication services for corporate and enterprise customers, including: Private Leasing Channel, voice, IP voice, L2VPN, IP VPN, and Internet access.

Our transport network is based on our optical cable network utilizing DWDM, SDH and IP/MPLS equipment. The DWDM and SDH networks connect all the main regional and mid-sized cities of Ukraine. All our DWDM and SDH optical networks are fully ring-protected and can be self-healing which is necessary to ensure uptime of the transmission network. Our core IP/MPLS network is fully mesh-protected, meaning that the recovery mechanisms which provide different levels of protection or restoration against different failure modes are available for network uptime. It connects all the main regional cities of Ukraine. The total length of our fiber optic cables is 19,717 kilometers.

Our interregional and metro transport networks are based on our optical cable and microwave systems utilizing SDH, PDH, Ethernet and IP/MPLS technologies. We have deployed metro SDH and IP/MPLS optical networks in more than 138 cities of Ukraine. The total length of fiber cables constructed within the cities is 24,917 kilometers.

Our IP/MPLS data network carries mobile network and FTTB IP traffic, allowing us to provide L2VPN, IP VPN and Internet services. We have interconnections with major European and Russian ISPs in a number of cities.

We also have the separate fixed-line network of Golden Telecom Ukraine (“GTU”).

In the future we plan to merge Kyivstar’s and GTU’s fixed-line networks for local, long-distance and international transit voice services.

Kazakhstan

Our subsidiaries TNS-Plus LLP and 2Day Telecom LLP provide a wide spectrum of fixed-line telecommunications services, including Internet access, ADSL, FTTB, WiFi, WiMax, VoIP, VPN and VSAT. TNS-Plus owns more than 11,970 kilometers of fiber optic main lines across Kazakhstan, which are based on Ericsson SDH and Huawei SDH/DWDM equipment. As of December 31, 2014, we had approximately 200,656 customers connected via FTTB technology in Kazakhstan.

Uzbekistan

Our subsidiary Buzton’s network provides international telephony and Internet access through JSC Uzbektelecom. Buzton’s network consists of 117 nodes situated throughout Uzbekistan. The main technologies

of our access networks are ADSL 15,176 ports and FTTB 30,720 ports. Our main line in Tashkent is based on fiber optic equipment. The network also includes long-leased channels and local fiber optic networks in Tashkent, Zarafshan and Uchkuduk.

Armenia

ArmenTel's fixed-line infrastructure covers all districts of Armenia with a full set of equipment (international gateway, digital-analog exchanges, Internet protocol digital customer line access multiplexers ("DSLAMs"), copper wire access network, fiber optic backbone network, data network). Its network consists of 223,520 ADSL ports and 169 exchanges, of which 130 are digital. Our company provides interconnection with international operators and national mobile operators in Armenia. ArmenTel's CDMA Wireless Local Loop network is used to provide fixed-line telephone services to rural customers.

Intellectual Property

We rely on a combination of trademarks, service marks and domain name registrations, copyright protection and contractual restrictions to establish and protect our technologies, brand name, logos, marketing designs and Internet domain names. We have registered and applied to register certain trademarks and service marks in connection with our mobile telecommunications businesses. We have also registered and applied to register certain trademarks and service marks with the World Intellectual Property Organization in order to protect them.

Our registered trademarks and service marks include our brand name, logos and certain advertising features. Our copyrights are principally in the area of computer software for service applications developed in connection with our mobile and fixed-line network platform. We have copyrights to some of the designs we use in marketing and advertising our mobile services.

Properties

In Russia we own a series of five buildings consisting of approximately 26,000 square meters at 10, Ulitsa 8 Marta in Moscow. We use these buildings as an administrative office, technical center, warehouse and operating facility. In addition, we own a series of five buildings on Lesnoryadsky Pereulok in Moscow, constituting approximately 15,360 square meters, that are used as an administrative office, warehouse and operating facility. These buildings also house the main switches for our Moscow 3G/GSM network and our main and reserve IT centers. We have other offices at 4, Krasnoproletarskaya Street, in the center of Moscow. These consist of three leased administrative buildings of approximately 32,400 square meters. We own a portion of a building in the center of Moscow on Ulitsa 1st Tverskaya Yamskaya consisting of approximately 3,000 square meters that we use as a customer service center, administrative and sales office. We also own office buildings in some of our regional license areas and lease space on an as-needed basis.

In Italy, as of December 31, 2014, we owned certain sites where some of our telecommunications network equipment is located, including 287 radio centers (for all of which we own the towers and rooms for equipment, and for approximately 120 out of 287, and we also owned the land where the radio centers are located), 586 towers, about 6100 towers on rented locations, excluding roof top sites, on which antennas for radio coverage are installed, and approximately 1000 other minor towers. Following the sale of a majority stake of Wind Italy's tower subsidiary, Galata, certain sites will no longer be held by Wind Italy. For more information regarding this transaction, see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Network and Tower Sharing Agreements."

In Ukraine, our subsidiary Kyivstar owns a series of buildings consisting of 34,068 square meters at Degtyarivska, 53 in Kyiv. We use these buildings as offices, print-centers, call centers and switching centers. In addition, we own a number of buildings throughout Ukraine consisting of over 90,000 square meters that we use as office space, switching centers, call centers, sales centers, data centers and storage units.

In Pakistan, our subsidiary PMCL owns a number of properties consisting of over 28,000 square meters, in Karachi, Lahore and Islamabad. The properties are all associated with its operations and include call centers, data centers, office buildings and switching stations.

For a description of certain telecommunications equipment that we own, please see “—Equipment and Operations—Mobile Telecommunications Equipment and Operations—Mobile Telecommunications Network Infrastructure” and “—Equipment and Operations—Fixed-line Telecommunications Equipment and Operations—Fixed-line Telecommunications Network Infrastructure” above.

Disclosure of Activities under Section 13(r) of the Securities Exchange Act of 1934

Under Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) to the Securities Exchange Act of 1934, as amended, or the “Exchange Act,” we are required to disclose whether we or any of our affiliates are knowingly engaged in certain activities, transactions or dealings relating to Iran or certain designated individuals or entities. Disclosure is required even when the activities were conducted outside the United States by non-U.S. entities – including non-U.S. entities that are not otherwise owned or controlled by U.S. entities or persons – and even when such activities were conducted in compliance with applicable law.

The following information is disclosed pursuant to Section 13(r). None of these activities involved our U.S. affiliates.

- Our Armenian subsidiary, ArmenTel, and Telecommunications Company of Iran, or “TCI,” an Iranian Government-owned company, have an agreement for the provision of voice services, which has been in place since 2003. Under the agreement, ArmenTel sends direct traffic to TCI and TCI sends both direct and transit traffic to ArmenTel. We (including ArmenTel) did not provide any telecommunications equipment or technology to TCI. However, in 2013 ArmenTel has discontinued providing voice services under the agreement. During 2014, there was no gross revenue received from these activities involving TCI and no net profits.
- In 2001, our Russian subsidiary, OJSC VimpelCom, began providing telecommunications services, including mobile and fixed line services, to the Embassy of Iran in Moscow. The gross revenue for these services in 2014 was approximately US\$14,842.63 and net profits were approximately US\$8,800.94. OJSC VimpelCom intends to continue the services to the Embassy of Iran.
- In 2008, our Tajikistan subsidiary, LLC Tacom, began providing telecommunications services to the Embassy of Iran in Dushanbe. The gross revenue for these services in 2014 was approximately US\$7,383 and net profits were approximately US\$5,533. LLC Tacom intends to continue the services to the Embassy of Iran.
- In 2014, our Kyrgyzstan subsidiary, Sky Mobile LLC, began providing mobile telecommunications services to the Embassy of Iran in Biskek. The gross revenue for these services in 2014 was approximately US\$1,953 and net profits were approximately US\$900. Sky Mobile LLC intends to continue the services to the Embassy of Iran.
- We have active roaming agreements with GSM mobile network operators in various countries throughout the world, including with TCI, MTN Irancell, Taliya Mobile and Telecommunication Kish Company (also known as TKC KIFZO) in Iran. TCI and MTN Irancell are owned or controlled by the Iranian Government, and our other roaming partners in Iran may be affiliated with the Iranian Government. Pursuant to our roaming agreements with these companies, our customers receive customary international roaming services on their networks, and their customers receive such services while roaming on our networks outside those countries. We intend to continue our roaming agreements with TCI, MTN Irancell, Taliya Mobile and TKC KIFZO for the foreseeable future. During 2014, our

gross revenue received from roaming arrangements with TCI and MTN Irancell was approximately US\$166,000 and US\$16,000, respectively, and net profits were approximately US\$72,000 and US\$7,000, respectively. During 2014, we received no gross revenue from roaming arrangements with Taliya Mobile and TKC KIFZO with no net profits.

Telenor ASA may be deemed an affiliate based on its indirect share ownership in us through Telenor East and the officers of the Telenor ASA group who are on our board. Telenor East has provided us with the information included below relevant to Section 13(r). This information relates solely to activities conducted by Telenor ASA subsidiaries and does not relate to any activities conducted by us. We are not representing the accuracy or completeness of such information and undertake no obligation to correct or update this information.

Various subsidiaries of Telenor ASA are party to roaming agreements and interconnection agreements with Iranian telecommunication companies. Pursuant to those roaming agreements, the Telenor subsidiaries' customers are able to roam in the particular Iranian network (outbound roaming) and customers of such Iranian operators are able to roam in the relevant subsidiaries' network (inbound roaming). For outbound roaming, Telenor subsidiaries pay the relevant Iranian operator roaming fees for use of its network by Telenor subsidiaries' customers, and for inbound roaming the relevant Iranian operator pays the relevant Telenor subsidiary roaming fees for use of its network by the Iranian operator's customers.

The subsidiaries of Telenor ASA identified below were party to the following roaming agreements and interconnection agreements with Iranian telecommunication companies in 2014:

(1) Telenor Norge AS, a Norwegian subsidiary, has two roaming agreements with Mobile Telecommunication Company of Iran ("MCI"). During 2014, Telenor Norge AS recorded net expenses related to these roaming agreements of \$43,330.07 to MCI.

(2) Telenor Sverige AB, a Swedish subsidiary, has roaming agreements with MCI, MTN Irancell ("Irancell") and Taliya Mobile ("Taliya"). During 2014, Telenor Sverige AB recorded net revenues and net expenses related to these roaming agreements of \$54,988.89 in net revenues from MCI and \$53,258.65 in net expenses to Irancell and \$12,022.24 in net expenses to Taliya.

(3) Telenor A/S, a Danish subsidiary, has roaming agreements with MCI and Irancell. During 2014, Telenor A/S recorded net expenses related to these roaming agreements of \$12,379.28 to MCI and \$608.73 to Irancell.

(4) Telenor d.o.o. Beograd Omladinskih brigada 90, a Serbian subsidiary, has a roaming agreement with MCI. During 2014, Telenor d.o.o. Beograd Omladinskih brigada 90 recorded a net expense of \$1,258.79 related to this roaming agreement.

(5) Telenor Hungary Plc, a Hungarian subsidiary, has a roaming agreement with MCI. During 2014, Telenor Hungary Plc recorded net revenues of \$20,108.56 related to this roaming agreement.

(6) Telenor Bulgaria EAD, a Bulgarian subsidiary, has a roaming agreement with MCI. During 2014, Telenor Bulgaria EAD recorded net revenues related to this roaming agreement of \$13,176.46 from MCI.

(7) DiGi.Com Bhd, a Malaysian subsidiary, has a roaming agreement with MCI. During 2014, DiGi.Com Bhd recorded a net expense of \$5,275.95 related to this roaming agreement.

(8) Telenor Pakistan (Private) Ltd., a Pakistani subsidiary, has roaming agreements with MCI, Irancell and Taliya. During 2014, Telenor Pakistan (Private) Ltd. recorded net revenues and net expenses related to these roaming agreements of (i) \$14,199 in net revenues from MCI, (ii) \$5,445 in net revenues from Irancell, and (iii) \$21 in net expenses to Taliya.

(9) Total Access Communications Plc. ("dtac"), a Thai subsidiary, has roaming agreements with MCI and Irancell. During 2014, dtac recorded net revenues and net expenses related to these roaming agreements of \$107,671.11 in net revenues from MCI and \$11,583.92 in net expenses to Irancell.

(10) Telenor Global Services AS, a Norwegian subsidiary, has two interconnection agreements with MCI. During 2014, Telenor Global Services AS recorded net revenues of \$32,860 related to these interconnection agreements.

Telenor ASA's subsidiaries identified above intend to continue these agreements.

Legal Proceedings

Current Legal Proceedings

For details of current legal proceedings, please see Note 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. For details of the investigations by the SEC, DOJ and OM, please also see "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We are subject to investigations by the SEC, DOJ and OM, and are conducting an internal investigation. We are unable to predict the duration, scope or results of these investigations or their impact on us."

Concluded Legal Proceedings

For details of concluded legal proceedings, please see Note 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

ITEM 4A. Unresolved Staff Comments

None.

ITEM 5. Operating and Financial Review and Prospects

The following discussion and analysis should be read in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 20-F. 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 "Item 3—Key Information—D. Risk Factors."

Our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F are prepared in accordance with IFRS, as issued by the IASB.

Overview

Our total operating revenue was US\$19,627 million for the year ended December 31, 2014, compared to US\$22,546 million for the year ended December 31, 2013. Our operating profit was US\$2,586 million for the year ended December 31, 2014, compared to US\$346 million for the year ended December 31, 2013. The loss for the year attributable to the owners of the parent was US\$647 million for the year ended December 31, 2014, compared to a loss of US\$2,625 million for the year ended December 31, 2013.

We use the U.S. dollar as our reporting currency. The functional currencies of our group are the Russian ruble in Russia, the Euro in Italy, the Algerian dinar in Algeria, the Pakistani rupee in Pakistan, the Bangladeshi taka in Bangladesh, the Ukrainian hryvnia in Ukraine, the Kazakh tenge in the Republic of Kazakhstan, the Armenian dram in the Republic of Armenia, the Georgian lari in Georgia, the Kyrgyz som in Kyrgyzstan, the Lao Kip in Laos and the U.S. dollar in Tajikistan. During 2014 we changed the functional currency of our operations in Uzbekistan from the U.S. dollar to the Uzbek som.

Due to the significant fluctuation of the non-U.S. dollar functional currencies against the U.S. dollar in the periods covered by this discussion and analysis, changes in our consolidated operating results in functional currencies differ from changes in our operating results in reporting currencies during some of these periods. In

the following discussion and analysis, we have indicated our operating results in functional currencies and the devaluation or appreciation of functional currencies where it is material to explaining our operating results. For more information about exchange rates relating to our functional currencies, see “—Certain Factors Affecting our Financial Position and Results of Operations—Foreign Currency Translation” below.

Basis of Presentation of Financial Results

VimpelCom Ltd. maintains its records and prepares its statutory financial statements in accordance with Dutch law and tax legislation. Our subsidiaries outside of the Netherlands record and prepare their statutory financial statements in accordance with local accounting principles and tax legislation and in accordance with IFRS, if applicable. Our audited consolidated financial statements have been prepared in accordance with IFRS, as issued by the IASB. They differ from our financial statements issued for statutory purposes that are prepared on a stand-alone legal entity basis (unconsolidated) in accordance with IFRS, as endorsed by the European Union. The principal differences relate to:

- consolidation procedures and business combinations; and
- investments in subsidiaries that are stated at net asset value.

Our audited consolidated financial statements set forth elsewhere in this Annual Report on Form 20-F include the accounts of VimpelCom Ltd. and its consolidated subsidiaries. All inter-company accounts and transactions have been eliminated. We have used the equity method of accounting for companies in which we have 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 IFRS. Certain items that are capitalized under IFRS 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 IFRS are not tax deductible under local legislation. As a consequence, our effective tax charge was different under local tax rules and under IFRS.

Reportable Segments

We present our reportable segments based on economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. Accordingly, our reportable segments consist of the six following segments:

- Russia;
- Italy;
- Algeria;
- Africa & Asia;
- Ukraine; and
- CIS.

The Russia segment includes all results from operations in Russia. The Italy segment includes all results from our operations in Italy. The Algeria segment includes all results from our operations in Algeria. The Africa & Asia segment includes operating results from our operations in Pakistan, Bangladesh and Laos. We include mobile customers of our equity investee in Zimbabwe (accounted at cost) in the Africa & Asia reporting segment. The Ukraine segment includes the operating results of our operations in Ukraine. The CIS segment includes the operating results of all operations in Kazakhstan, Tajikistan, Uzbekistan, Georgia, Armenia and Kyrgyzstan. Although Georgia is no longer a member of the CIS, consistent with our historic reporting practice,

we continue to include Georgia in our CIS reporting segment. Starting January 1, 2014, we disclose Algeria operations as a separate segment since the adjusted EBITDA during 2014 in Algeria exceeded 10% of the total group adjusted EBITDA. For more information on our reportable segments, please see Note 7 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Factors Affecting Comparability of Prior Periods

Our selected operating and financial data, audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 20-F and the following discussion and analysis reflect the contribution of the operators we acquired from their respective dates of acquisition or consolidation. In addition, comparability is affected by dispositions of the operators we sold from their respective dates of disposals or deconsolidation. On September 16, 2014, we and GTH completed the sale of all of our debt and equity interest in the Globalive group of companies in Canada, including Globalive Wireless Management Corp., the operator of the Wind Mobile cellular telephony service in Canada (“Wind Canada”). On October 17, 2014, we completed the sale of our entire indirect 100.0% stake in Telecel Globe that held our interest in subsidiaries operating in Burundi and Central African Republic. As a consequence of the abovementioned dispositions we stopped including results of our debt and equity interest in Wind Canada from September 16, 2014, and our operations in Burundi and Central African Republic from October 17, 2014. For more information regarding our acquisitions and dispositions, see “—Liquidity and Capital Resources— Acquisitions and Dispositions” and Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. In addition, on April 19, 2013, we completed the sale of our entire indirect stake in Sotelco Ltd. in Cambodia to our local partner, and as a consequence, we stopped including the results of our operations in Cambodia from such date. We do not provide comparable financial information for periods preceding the date on which we acquired, consolidated or commenced operations in a particular country or segment, or following the date of disposition.

Recent Developments and Trends

The mobile markets in Russia, Italy, Ukraine, Algeria, Kazakhstan, Armenia, Georgia and Kyrgyzstan have reached mobile penetration rates exceeding 100.0% in each market. As a result, we will focus less on customer market share growth and more on revenue market share growth in each of these markets. The key components of our growth strategy in these markets will be to increase our share of the high value customer market, increase usage of value added services and improve customer loyalty. Our management expects revenue growth in these markets to come primarily from an increase in usage of voice and data traffic among our customers.

The remaining mobile markets in which we operate, particularly Pakistan, Bangladesh and Uzbekistan, are still in a phase of rapid customer growth with penetration rates substantially lower than in our other markets. In these markets, our management expects revenue growth to come primarily from customer growth in the short term and increasing usage of voice and data traffic in the medium term.

Our management expects revenue growth in our mobile business to come primarily from data services and in our fixed-line business from broadband as well as business and corporate services.

Investigations

The SEC, DOJ and Dutch investigations, as well as our own investigations, are continuing, and we have cooperated, and continue to cooperate, with the authorities in these investigations. We are also exploring the prospect of resolving the company’s potential liabilities arising from the facts established in the investigations. We expect to continue incurring costs related to the investigations, primarily professional fees and expenses, which may be significant. These costs relate to responding to requests for information and testimony in connection with the investigations and in conducting our internal investigation, and we cannot predict at this time the ultimate amount of all such costs. We are unable to predict the duration, scope or results of the ongoing investigations or how the results of these investigations or any resolutions may impact our company’s business,

results of operations or financial condition. No provision relating to the investigations has been recorded in our company's audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. For details of the investigations by the SEC, DOJ and OM, please see "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We are subject to investigations by the SEC, DOJ and OM, and are conducting an internal investigation. We are unable to predict the duration, scope or results of these investigations or their impact on us" and Note 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Change in functional currency for Uzbekistan

Historically the functional currency of our operations in Uzbekistan for accounting purposes has been the U.S. dollar as opposed to the local currency the Uzbek som. During 2014 we concluded that the Uzbek som should be the functional currency for Unitel as it more clearly drives the economics within the Uzbek Telecom industry. The impact of change in functional currency was not material and accounted for in 2014.

Algeria Transaction and Settlement

On January 30, 2015, we together with our 51.9% owned subsidiary GTH completed the sale by GTH of a non-controlling 51% interest in OTA to the Fonds National d'Investissement, the Algerian National Investment Fund ("FNI"), for a purchase consideration of US\$2.6 billion. Immediately prior to the closing of the transaction, OTA distributed to its shareholders a dividend in respect of the financial years 2008-2013 of approximately US\$1.9 billion. The total dividends and proceeds paid to GTH at closing of the transaction amounted to approximately US\$3.8 billion, net of all taxes and after the settlement of all outstanding disputes between the parties and the payment of associated fines.

Shortly prior to closing of the transaction and in order to facilitate the closing, OTA contributed its operations, referred to as the Contribution, to Optimum Telecom Algeria S.p.A. ("Optimum"), a wholly-owned subsidiary of OTA.

Shareholders Agreement

GTH and the FNI along with VimpelCom, OTA and Optimum entered into a shareholders agreement at closing of the transaction to govern the relationship of GTH and the FNI as shareholders in OTA and the operations of Optimum.

Pursuant to the shareholders agreement, we and GTH will continue to fully consolidate OTA. GTH has the right to appoint board members representing a simple majority of the votes on the boards of each of OTA and Optimum and will retain control over each of OTA and Optimum. Certain enumerated strategic decisions are subject to a supermajority vote of the respective boards (including the affirmative vote of at least one director representing GTH and the FNI). OTA will pay future dividends to its shareholders out of available free cash flow, targeting a pay-out ratio of not less than 42.5% of consolidated net income. Declaration of dividends above 42.5% of consolidated net income are subject to a super majority vote of the respective boards.

Transfers of the parties' respective shareholdings in OTA are not permitted during the first seven years following the closing of the transaction other than to certain affiliates. Following such seven year period, transfer by GTH of its OTA shares to a third party shall be subject to a right of first refusal in favor of the FNI and transfer by the FNI of its OTA shares to a third party shall be subject to a tag along right in favor of GTH. Furthermore, GTH has an option to sell all (and not less than all) of its OTA shares to the FNI at the then fair market value. GTH's option is exercisable solely at its discretion during the three month period between July 1, 2021 and September 30, 2021 as well as at any time upon occurrence of certain events (including, generally, change of control of the FNI, material breach of the shareholders agreement by the FNI, loss of VimpelCom's ability to consolidate OTA, the taking of certain actions in Algeria against GTH or OTA, failure by OTA to pay a

minimum dividend or imposition of certain tax assessments). Concurrently, the FNI has an option to buy from GTH all (and not less than all) of GTH's OTA shares at the then fair market value. The FNI's option is exercisable solely at its discretion during the three month period between October 1, 2021 and December 31, 2021 as well as at any time upon the occurrence of certain events (including, generally, change in VimpelCom's indirect control of OTA, insolvency of GTH or VimpelCom or material breach of the shareholders agreement by GTH). GTH and the FNI have agreed to meet not later than November 30, 2019 to discuss, among other matters, their intentions regarding the exercise of their discretionary put and call options, whether to continue their relationship following the exercise periods for such options and other possible solutions to enable liquidity of their respective interests in OTA.

Settlement of Disputes

The foreign exchange and import restrictions put in place by the Bank of Algeria against OTA on April 15, 2010 were lifted on closing, following the payment (with no admission of wrongdoing or liability) by OTA to the Algerian Treasury of the fine of DZD99 billion (approximately US\$1.1 billion). At closing of the transaction, OTA definitively discontinued (with no admission of wrongdoing or liability) all pending related proceedings.

At closing of the transaction, OTA definitively discontinued (with no admission of wrongdoing or liability) all pending proceedings relating to the disputes with the Algerian tax administration relating to tax reassessments for the years 2004 to 2009. OTA has written off the related tax receivable on its balance sheet.

Upon closing of the transaction, GTH terminated its international arbitration against the Algerian State initiated on April 12, 2012 and the parties to the arbitration settled the arbitration and all claims relating thereto.

Credit Facilities

Shortly prior to closing of the transaction, OTA and Optimum established credit facilities with a syndicate of Algerian and international banks in an aggregate amount of DZD82 billion (approximately US\$0.9 billion). For more information on these credit facilities, see “—Liquidity and Capital Resources—Financing Activities.”

Agreement with OTA's Minority Shareholder Cevital

Pursuant to an amended Framework Agreement between GTH and Cevital S.p.A., or Cevital, a minority shareholder in OTA, following the closing of the transaction, Cevital continues to be a shareholder in OTA and holds 3.43% of the share capital of OTA. At closing of the transaction, the existing OTA shareholder arrangements to which Cevital was a party were terminated and Cevital dismissed all pending litigation against OTA in settlement for a dinar payment by OTA equating to approximately US\$50 million plus Cevital's entitled share of the approximately US\$1.9 billion pre-closing dividend paid by OTA to its shareholders.

For more information, see Notes 6, 26 and 27 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Network and Tower Sharing Agreements

In late 2014 our wholly owned subsidiary, OJSC VimpelCom, entered into an agreement with MTS for joint planning, development and operation of 4G/LTE networks in 36 regions of Russia. Under the terms of the agreement, between 2014 and 2016 MTS will build and operate 4G/LTE base stations in 19 regions and OJSC VimpelCom will build and operate 4G/LTE base stations in 17 regions of Russia. Within the first seven years of the project, OJSC VimpelCom and MTS plan to share base stations, platforms, infrastructure and resources of the transportation network, with each operator maintaining its own core network.

In February 2015 our wholly owned subsidiary, Wind Italy, entered into a definitive agreement for the sale of 90% of the shares of Wind Italy's wholly owned subsidiary Galata to Abertis Telecom for a total cash

consideration of €693 million (approximately US\$737 million as of March 12, 2015). Galata is a tower business consisting of 7,377 towers together with the relevant functions, employees and related contracts. Upon the transaction closing, which is expected to occur in the near future, Abertis Telecom will own 90% of the share capital of Galata while Wind Italy will retain a 10% stake. Wind Italy has a Tower Services Agreement for an initial term of 15 years with Galata for the provision of a broad range of services on the contributed sites and sites subsequently built by Galata hosting Wind Italy equipment.

VimpelCom Amsterdam B.V. cash tender offer for OJSC VimpelCom and VimpelCom Holdings B.V. U.S. dollar notes

On March 2, 2015, VimpelCom Amsterdam B.V. announced that it commenced a cash tender offer for up to US\$2,100 million aggregate principal amount of the outstanding U.S. dollar notes issued by VimpelCom Holdings B.V. and loan participation notes issued by VIP Finance Ireland and UBS (Luxembourg) SA for the sole purpose of funding loans to OJSC VimpelCom. The total outstanding amount of these bonds is US\$6,700 million. The tender offer expires on March 30, 2015 and settlement is expected to take place on April 2, 2015. For more information regarding this tender offer, including the results of the early tender period, see “—Liquidity and Capital Resources—Financing Activities—Recent Financing Activities.”

Macroeconomic and Political Risks Concerning Russia and Ukraine

Low oil prices, together with the impact of economic sanctions resulting from the current situation in Ukraine and the consequent devaluation of the Russian ruble, are negatively impacting the Russian economic outlook. In 2014, the significant depreciation of the ruble against the U.S. dollar in particular negatively impacted our results of operations and resulted in a foreign currency exchange loss in 2014. In addition, the devaluation of the Ukrainian hryvnia negatively impacted revenues in our Ukraine segment and our results of operations in 2014, and the National Bank of Ukraine’s decision in February 2015 to suspend its interventions to support the Ukrainian hryvnia has resulted in further devaluation in 2015. Furthermore, the current situation in Ukraine along with the response to the situation by the governments of Russia, the United States, the European Union and other countries have the potential to adversely affect our business in Russia and Ukraine, markets in which we have significant operations. For more information, see “Item 3.D—Risk Factors—Risks Related to our Business—We are exposed to foreign currency exchange loss and currency fluctuation and convertibility risks”, “—Risks Related to Our Markets—The international economic environment could cause our business to decline” and “—Risks Related to Our Markets—Our operations may be adversely affected by ongoing developments in Ukraine.”

Certain Performance Indicators

The following discussion analyzes certain operating data, including mobile and broadband customer data, mobile MOU, mobile ARPU and mobile churn rates, that are not included in our financial statements. We provide this operating data because it is regularly reviewed by our management and our management believes it is useful in evaluating our performance from period to period as set out below. Our management believes that presenting information about mobile and broadband customers, mobile MOU and mobile ARPU is useful in assessing the usage and acceptance of our mobile and broadband products and services, and that presenting our mobile churn rate is useful in assessing our ability to retain mobile customers. This operating data is unaudited.

Mobile Customer Data

We offer both postpaid and prepaid services to mobile customers. As of December 31, 2014, the number of our mobile customers reached approximately 222 million. Mobile customers are generally customers in the registered customer base as of a measurement date who engaged in a revenue generating activity at any time during the three months prior to the measurement date. Such activity includes any incoming and outgoing calls, customer fee accruals, debits related to service, outgoing SMS and MMS, data transmission and receipt sessions, but does not include incoming SMS and MMS or abandoned calls. Our total number of mobile customers also

includes customers using mobile Internet service via USB modems. For our business in Italy, prepaid mobile customers are counted in our customer base if they have activated our SIM card in the last twelve months (with respect to new customers) or if they have recharged their mobile telephone credit in the last twelve months and have not requested that their SIM card be deactivated and have not switched to another telecommunications operator via mobile number portability during this period (with respect to our existing customers), unless a fraud event has occurred. Postpaid customers in Italy are counted in our customer base if they have an active contract unless a fraud event has occurred or the subscription is deactivated due to payment default or because they have requested and obtained through mobile number portability a switch to another telecommunications operator. We include mobile customers of our equity investee in Zimbabwe (accounted at cost), in the Africa & Asia reporting segment. These figures are also included in our total customer data.

The following table indicates our mobile customer figures (in millions), as well as our prepaid mobile customers as a percentage of our total mobile customer base, for the periods indicated:

	As of December 31,		
	2014	2013	2012
Russia	57.2	56.5	56.1
Italy	21.6	22.3	21.6
Algeria ⁽¹⁾	18.4	17.6	16.7
Africa & Asia ⁽²⁾	71.6	69.4	64.9
Ukraine ⁽¹⁾	26.2	25.8	25.1
CIS	26.5	25.4	24.2
Total number of mobile customers	221.6	216.9	208.6
Percentage of prepaid customers	94.3%	92.4%	96.2%

(1) The customer numbers for 2012 have been adjusted to reflect revised numbers in Algeria and in Ukraine to align with the group definition. MOU, ARPU and Churn have been adjusted accordingly.

(2) The customer numbers for Africa & Asia include 2.2 million customers from our equity investee in Zimbabwe (accounted at cost) as of December 31, 2014 and 2.6 million customers as of December 31, 2013 and 2012. The customer numbers for 2012, 2013 and 2014 have been adjusted to remove customers in operations that have been sold.

Mobile MOU

Mobile MOU measures the monthly average minutes of voice service use per mobile customer. We generally calculate mobile MOU 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 customers during the period and dividing by the number of months in that period. For our business in Italy, we calculate mobile MOU as the sum of the total traffic (in minutes) in a certain period divided by the average number of customers for the period (the average of each month's average number of customers (calculated as the average of the total number of customers at the beginning of the month and the total number of customers at the end of the month)) divided by the number of months in that period. The Africa & Asia segment measures mobile MOU based on billed minutes.

Our management does not analyze mobile MOU on a segment level in the Africa & Asia and CIS segments but rather on a country basis.

Mobile ARPU

Mobile ARPU measures the monthly average revenue per mobile user. We generally calculate mobile ARPU by dividing our mobile service revenue during the relevant period, including data revenue, 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 mobile customers during the period and dividing by the number of months in that period. For Italy, we define mobile ARPU as the measure of the sum of our mobile revenue in the period divided by the average number of mobile customers in the period (the average of each

month's average number of mobile customers (calculated as the average of the total number of mobile customers at the beginning of the month and the total number of mobile customers at the end of the month)) divided by the number of months in that period.

Our management does not analyze mobile ARPU on a segment level in Africa & Asia and CIS segments but rather on a country basis.

Mobile Churn Rate

We generally define our mobile churn rate as the total number of churned mobile customers over the reported period expressed as a percentage of the average of our mobile customer base at the starting date and at the ending date of the period. The total number of churned mobile customers is calculated as the difference between the number of new customers who engaged in a revenue generating activity in the reported period and the change in the mobile customer base between the starting date and the ending date of the reported period. Migration between prepaid and postpaid forms of payment and between tariff plans may technically be recorded as churn, which contributes to our mobile churn rate even though we do not lose those customers. For our business in Italy, mobile churn is defined as the rate at which customers are disconnected from our network, or are removed from our customer base due to inactivity, fraud or payment default. In Italy, our mobile churn is calculated by dividing the total number of customer disconnections (including customers who disconnect and reactivate with us at a later stage with a different SIM card) for a given period by the average number of customers for that period (calculated as the average of each month's average number of customers (calculated as the average of the total number of customers at the beginning of the month and the total number of customers at the end of the month)) divided by the number of months in that period.

Broadband Customers

Broadband customers are generally customers in the registered customer base who were engaged in a revenue generating activity using broadband in the three-month period prior to the measurement date. In Russia and Ukraine, such activity includes monthly Internet access using FTTB, xDSL and WiFi technologies, as well as mobile Internet access via USB modems using GPRS/3G/HSDPA technologies. In Italy, we measure fixed broadband customers based on the number of active contracts signed, while mobile broadband customers are those consumers who have performed at least one mobile Internet event in the previous month on GPRS/3G/HSPA/4G/LTE network technology. Our CIS mobile broadband customers are those who have performed at least one mobile Internet event in the three-month period prior to the measurement date.

Results of Operations

Consolidated results

	Years ended December 31,		
	2014	2013	2012
	(In millions of US dollars, except per share amounts)		
Service revenue	18,725	21,529	22,122
Sale of equipment and accessories	519	725	677
Other revenue	383	292	262
Total operating revenue	19,627	22,546	23,061
Operating expenses			
Service costs	4,381	5,133	5,439
Cost of equipment and accessories	551	780	693
Selling, general and administrative expenses	6,725	8,373	7,161
Depreciation	2,839	3,050	2,926
Amortization	1,479	1,791	2,080
Impairment loss	992	2,973	386
Loss on disposals of non-current assets	74	100	205
Total operating expenses	17,041	22,200	18,890
Operating profit	2,586	346	4,171
Finance costs	2,026	2,150	2,029
Finance income	(54)	(91)	(154)
Other non-operating losses/(gains)	152	172	75
Shares of loss/(profit) of associates and joint ventures accounted for using the equity method	38	159	9
Net foreign exchange (gain)/ loss	605	(20)	(70)
(Loss)/profit before tax	(181)	(2,024)	2,282
Income tax expense	722	2,064	906
(Loss)/profit for the year	(903)	(4,088)	1,376
Attributable to:			
The owners of the parent	(647)	(2,625)	1,539
Non-controlling interest	(256)	(1,463)	(163)
	(903)	(4,088)	1,376

The table below shows, for the periods indicated, the following consolidated statement of operations data expressed as a percentage of consolidated total operating revenue:

	Years ended December 31,		
	2014	2013	2012
Service revenue	95.4%	95.5%	95.9%
Sale of equipment and accessories	2.6%	3.2%	2.9%
Other revenue	2.0%	1.3%	1.1%
Total operating revenue	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Operating expenses			
Service costs	22.3%	22.8%	23.6%
Cost of equipment and accessories	2.8%	3.5%	3.0%
Selling, general and administrative expenses	34.3%	37.1%	31.1%
Depreciation	14.5%	13.5%	12.7%
Amortization	7.5%	7.9%	9.0%
Impairment loss	5.1%	13.2%	1.7%
Loss on disposals of non-current assets	0.4%	0.4%	0.9%
Total operating expenses	<u>86.8%</u>	<u>98.5%</u>	<u>81.9%</u>
Operating profit	<u>13.2%</u>	<u>1.5%</u>	<u>18.1%</u>
Finance costs	10.3%	9.5%	8.8%
Finance income	(0.3%)	(0.4%)	(0.7%)
Other non-operating losses/(gains)	0.8%	0.8%	0.3%
Shares of loss/(profit) of associates and joint ventures accounted for using the equity method	0.2%	0.7%	0.0%
Net foreign exchange (gain)/loss	3.1%	(0.1%)	(0.3%)
Profit/(loss) before tax	<u>(0.9%)</u>	<u>(9%)</u>	<u>9.9%</u>
Income tax expense	3.7%	9.2%	3.9%
Profit/(loss) for the year	<u>(4.6%)</u>	<u>(18.1%)</u>	<u>6.0%</u>
Attributable to:			
The owners of the parent	(3.3%)	(11.6%)	6.7%
Non(controlling interest)	(1.3%)	(6.5%)	(0.7%)
	<u>(4.6%)</u>	<u>(18.1%)</u>	<u>6.0%</u>

The tables below show for the periods indicated selected information about the results of operations in each of our reportable segments. For more information regarding our segments, see Note 7 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Segmentation of Total Operating Revenue

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	(In millions of US dollars)		
Russia	7,459	9,109	9,190
Italy	6,155	6,618	6,982
Algeria	1,692	1,796	1,843
Africa & Asia	1,668	1,710	1,880
Ukraine	1,062	1,610	1,676
CIS	1,873	1,946	1,755
Intersegment and other	(281)	(243)	(265)
Total	<u>19,627</u>	<u>22,546</u>	<u>23,061</u>

The following table shows the percentage of our total operating revenue represented by each reportable segment's total operating revenue from external customers (excluding intersegment revenue) for each reportable segment for the periods indicated:

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Russia	37.5%	40.0%	39.5%
Italy	31.3%	29.3%	30.3%
Algeria	8.6%	8.0%	7.9%
Africa & Asia	8.5%	7.5%	8.2%
Ukraine	5.0%	6.8%	6.9%
CIS	9.1%	8.3%	7.2%
Other revenue and adjustments	—	0.1%	—
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Segmentation of Adjusted EBITDA

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	(In millions of US dollars)		
Russia	2,980	3,815	3,878
Italy	2,416	2,598	2,658
Algeria	857	(212)	1,047
Africa & Asia	579	617	691
Ukraine	484	781	859
CIS	912	856	813
Other (including HQ)	(258)	(195)	(178)
Total	<u>7,970</u>	<u>8,260</u>	<u>9,768</u>

Revenue

During the three years ended December 31, 2014, we generated revenue from providing voice, data and other telecommunication services through a range of traditional and broadband mobile and fixed technologies, as well as selling equipment and accessories.

Service Revenue

Our service revenue included revenue from airtime charges from postpaid and prepaid customers, monthly contract fees, time charges from customers online using Internet services, interconnect fees from other mobile and fixed-line operators, roaming charges and charges for value added services such as messaging, data and infotainment. Roaming revenue includes both revenue from our customers who roam outside of their home country networks and revenue from other wireless carriers for roaming by their customers on our network. Roaming revenue does not include revenue from our own customers roaming while traveling across Russian regions within our network (so called “intranet roaming”).

Sales of Equipment and Accessories and Other Revenue

We sold mobile handsets, equipment and accessories to our customers. Our other revenue included, among other things, revenue arising from the settlement of commercial disputes, penalties charged to suppliers and rental of base station sites.

Expenses

Operating Expenses

During the three years ended December 31, 2014, we had two categories of operating expenses directly attributable to our revenue: service costs and the costs of equipment 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 Equipment and Accessories

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

In addition to service costs and the costs of equipment and accessories, during the three years ended December 31, 2014, 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 law;
- marketing and advertising expenses;
- repair and maintenance expenses;
- rent, including lease payments for base station sites;

- utilities;
- provision for doubtful accounts;
- stock price-based compensation expenses;
- litigation provisions; 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 including software and buildings that we owned. We amortized our intangible assets, which consisted primarily of telecommunications licenses, telephone line capacity for local numbers and customer relations acquired in business combinations. We expect depreciation and amortization expenses to increase in line with growth of our capital expenditures.

Impairment Loss

Impairment loss represents losses from impairment of long-lived assets, including goodwill, as well as investments in associates.

Loss on Disposals of Non-current Assets

Loss on disposal of non-current assets represents losses from disposal of non-current assets when they are sold or written off.

Finance Costs

We incurred interest expense on our vendor financing agreements, loans from banks, bonds, capital leases and other borrowings net of amounts capitalized. Our interest bearing liabilities carry both fixed and floating interest rates. On our borrowings with a floating interest rate, the interest rate is linked to LIBOR, EURIBOR, AB SEK, MosPRIME, KIBOR, Bangladeshi T-Bill or Rendistato. Our interest expense depends on a combination of prevailing interest rates and the amount of our outstanding interest bearing liabilities. Of our interest bearing liabilities, 93% have fixed rates and 7% have floating rates.

Finance Income

Finance income represents income earned on cash deposited in banks and on loans provided to other parties.

Other Non-operating (Gains)/Losses

Our other non-operating (gains)/losses primarily include the effect of change of fair value of derivatives not designated as hedges and other assets when fair value assessment is required under IFRS, results of disposal of our investments and other non-operating activities.

Shares of (Profit)/Loss of Associates and Joint Ventures Accounted for Using the Equity Method

Shares of (profit)/ loss of associates and joint ventures accounted for using the equity method represent our share in profit and loss of our joint ventures and associates accounted for using the equity method, primarily represented by Euroset.

Net Foreign Exchange Loss/(Income)

The functional currencies of our group are the Russian ruble in Russia, the Euro in Italy, the Algerian dinar in Algeria, the Pakistani rupee in Pakistan, the Bangladeshi taka in Bangladesh, the Ukrainian hryvnia in Ukraine, the Kazakh tenge in the Republic of Kazakhstan, the Uzbek som in Uzbekistan, the Armenian dram in the Republic of Armenia, the Georgian lari in Georgia, the Kyrgyz som in Kyrgyzstan, the Lao Kip in Laos and the U.S. dollar in Tajikistan. Monetary assets and liabilities denominated in foreign currencies are translated into our respective functional currencies on the relevant balance sheet date. We record changes in the values of such assets and liabilities as a result of exchange rate changes in our results of operations under the line item net foreign exchange (loss)/gain.

Income Tax Expense

The statutory income tax rate in Russia, Kazakhstan, Laos and Armenia in 2014, 2013 and 2012 was 20.0%. The statutory income tax rate in Ukraine was 18% in 2014, 19.0% in 2013 and 21% in 2012. The statutory income tax rate in Georgia was 15.0% in 2014, 2013 and 2012. The statutory income tax rate in Kyrgyzstan in 2014, 2013 and 2012 was 10.0%. In Uzbekistan, the income tax rate was 8.0% in 2014 (7.5% from January 1, 2015) and 9.0% in 2013 and 2012 (and 8% subnational tax). The statutory income tax rate in Luxembourg was 22.47% in 2014 and 22.05% in 2013 and 2012 (and 6.75% subnational tax). The statutory income tax rate in the Netherlands and Tajikistan was 25.0% in 2014, 2013 and 2012. The Egyptian tax rate increased from 25% in 2013 and 2012 to 30% in 2014. In Algeria the statutory income tax rate was 23% in 2014 and 25% in 2013 and 2012. The statutory income tax rate in Italy was 27.5% in 2014, 2013 (and 4.55% in 2014 and 4.58% in 2013 as subnational tax) and in 2012. The statutory income tax rate in Pakistan was 33% in 2014 (35% from January 1, 2015), 34% in 2013 and 35% in 2012. The statutory income tax rate in Bangladesh was 45.0% in 2014, 2013 and 2012.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Total Operating Revenue

Our consolidated total operating revenue decreased by 12.9% to US\$19,627 million during 2014 from US\$22,546 million during 2013 primarily due to depreciation of the functional currencies of our operations, lower sale of equipment and accessories, as well as the impact of operational performance and macroeconomic developments in Russia, Ukraine and Pakistan, the rolling effect from the 2013 price competition in Italy and the delayed 3G launch in Algeria. The discussion of revenue by reportable segments includes intersegment revenue. Our management assesses the performance of each reportable segment on this basis because it believes the inclusion of intersegment revenue better reflects the true performance of each segment on a stand-alone basis.

Total Operating Expenses

Our consolidated total operating expenses decreased by 23.2% to US\$17,041 million during 2014 from US\$22,200 million during 2013, and represented 86.8% and 98.5% of total operating revenue in 2014 and 2013, respectively. This decrease was primarily due to depreciation of the functional currencies of our operations, a decrease in service costs of US\$752m, decrease in selling, general and administrative expenses of US\$1,648m and lower impairment losses of US\$1,981m.

Service Costs

Our consolidated service costs decreased by 14.7% to US\$4,381 million during 2014 from US\$5,133 million during 2013. As a percentage of consolidated total operating revenue, our service costs decreased to 22.3% during 2014 from 22.8% during 2013. The decrease in absolute terms was primarily due to the overall decrease in revenue and the depreciation of the functional currencies of our operations.

Cost of Equipment and Accessories

Our consolidated cost of equipment and accessories decreased by 29.4% to US\$551 million in 2014 from US\$780 million in 2013. This decrease was primarily due to decreased sales of equipment and accessories in Russia and Italy.

Selling, General and Administrative Expenses

Our consolidated selling, general and administrative expenses decreased by 19.7% to US\$6,725 million during 2014 from US\$8,373 million during 2013. This decrease was primarily due to the depreciation of the functional currencies of our operations, operational excellence programs, partly offset by increase in frequency fees and higher network costs. In addition, in 2013 a provision was recorded for the Bank of Algeria claim, while in 2014 a provision was recorded for the litigation settlement with Cevital. As a percentage of consolidated total operating revenue, our consolidated selling, general and administrative expenses decreased to 34.3% in 2014 from 37.1% in 2013.

Adjusted EBITDA and Adjusted EBITDA Margin

Our consolidated adjusted EBITDA decreased by 3.5% to US\$7,970 million during 2014 from US\$8,260 million during 2013, primarily due to an overall decrease in revenue offset by lower service costs, lower selling, general and administrative expenses.

Depreciation and Amortization Expenses

Our consolidated depreciation and amortization expenses decreased by 10.8% to US\$4,318 million in 2014 from US\$4,841 million in 2013. The decrease was primarily the result of depreciation of the functional currencies in 2014, accelerated depreciation of network equipment in Pakistan in 2013 due to network modernization and lower amortization in Italy and Algeria due to a reduction in the charge on customer relationships recognized as part of Wind Telecom acquisition only partially offset by increased depreciation as a result of accelerated roll out of our 3G network and the roll out of a 4G/LTE network in Russia.

Impairment Loss

Our consolidated impairment loss was US\$992 million in 2014 in comparison with US\$2,973 million in 2013. The impairment loss in 2014 primarily related to impairment of goodwill related to Ukraine of US\$767 million, in Pakistan of US\$163 million, and goodwill and other assets in Laos, Georgia, Bangladesh, Burundi and Central African Republic of US\$172 million which was partly offset by an impairment release as a result of the sale of our debt and equity interest in Wind Canada of US\$110 million. The impairment loss in 2013 primarily related to impairment of goodwill related to Ukraine of US\$2,085 million, in Laos of US\$25 million and in Armenia of US\$20 million, and impairment of the 4G/LTE telecommunication license in Uzbekistan of US\$30 million. In addition, in 2013 we impaired our shareholder loans to Wind Canada in the amount of US\$764 million.

Loss on Disposals of Non-current Assets

Our consolidated loss on disposals of non-current assets decreased by 26.0% to US\$74 million during 2014 from US\$100 million during 2013 primarily due to lower equipment write-offs during 2014 in our Russia segment.

Operating Profit

Our consolidated operating profit increased to US\$2,586 million in 2014 from US\$346 million in 2013 due to the above mentioned impacts, primarily due to lower impairment losses in 2014 and a one-off charge for the Bank of Algeria claim in 2013. Our consolidated operating profit as a percentage of total operating revenue in 2014 increased to 13.2% from 1.5% in 2013.

Other Non-operating Profits and Losses

Finance Costs and Finance Income

Our consolidated finance costs decreased by 5.8% to US\$2,026 million in 2014 from US\$2,150 million in 2013, primarily due to the refinancing of our debt in Italy at a lower interest rate. Our consolidated finance income decreased by 40.7% to US\$54 million in 2014 from US\$91 million in 2013, primarily due to lower interest earned on deposits and interest income from loans to Wind Canada that were fully impaired in 2013.

Other Non-operating Losses/(Gains)

We recorded US\$152 million in other non-operating loss during 2014 compared to US\$172 million in losses during 2013. The change was primarily due to losses recognized in 2014 from the refinancing of our debt in Italy of US\$148 million, change in fair value of embedded derivatives of US\$149 million offset by the positive movement in fair value of other derivatives of US\$114 million while in 2013 we had losses recorded for provisions net of indemnity claims of US\$100 million, positive revaluation of our embedded derivatives in Italy of US\$71 million offset by losses from ineffective portion of hedges of US\$119 million and negative revaluation of options over non-controlling interest of US\$46 million.

Shares of Loss/(Profit) of Associates and Joint Ventures Accounted for Using the Equity Method

We recorded a loss of US\$38 million from our equity in associates in 2014 compared to a loss of US\$159 million in 2013. The change was primarily due to lower losses from our investment in Wind Canada in 2014 due to full impairment of the loans in 2013.

Net Foreign Exchange (Gain)/Loss

We recorded a loss of US\$605 million from foreign currency exchange in 2014 compared to US\$20 million foreign currency exchange gain in 2013. The loss in 2014 was primarily due to revaluation of our U.S. dollar financial liabilities primarily due to depreciation of the Russian ruble to the U.S. dollar in 2014 as opposed to the gain in 2013 due to appreciation of the Euro to the U.S. dollar in 2013 and revaluation of our U.S. dollar financial assets due to depreciation of the Russian ruble to the U.S. dollar in 2013.

Income Tax Expense

Our consolidated income tax expense decreased by 65.0% to US\$722 million in 2014 from US\$2,064 million in 2013. The decrease in income taxes was primarily due to lower profits in Russia in 2014 and one off charges of withholding taxes over the accumulated earnings in our subsidiaries in Russia, CIS and Algeria as a result of an anticipated dividend distribution, accrual of provisions on uncertain income tax positions and a write-off of the tax receivable in Algeria in the amount of US\$551 million as part of the settlement with the Algerian government recorded in 2013.

Profit for the Year Attributable to the Owners of the Parent

In 2014, the consolidated loss for the year attributable to the owners of the parent was US\$647 million compared to US\$2,625 million of loss in 2013. The movement was due to losses for the year as a result of abovementioned factors, primarily lower impairment losses in 2014 and a one-off charge for the Bank of Algeria claim in 2013.

Profit for the Year Attributable to Non-controlling Interest

Our loss for the year attributable to non-controlling interest was US\$256 million in 2014 compared to a loss of US\$1,463 million in 2013, due to lower net losses in our consolidated subsidiaries that are not wholly owned by us. This primarily relates to GTH and its losses related to the Algerian transaction in 2013.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Total Operating Revenue

Our consolidated total operating revenue decreased by 2.2% to US\$22,546 million during 2013 from US\$23,061 million during 2012 primarily due to depreciation of the functional currencies of our operations as well as negative trends in our major markets. The discussion of revenue by reportable segments includes intersegment revenue. Our management assesses the performance of each reportable segment on this basis because it believes the inclusion of intersegment revenue better reflects the true performance of each segment on a stand-alone basis.

Total Operating Expenses

Our consolidated total operating expenses increased by 17.5% to US\$22,200 million during 2013 from US\$18,890 million during 2012, and represented 98.5% and 81.9% of total operating revenue in 2013 and 2012, respectively. This increase was primarily due to impairment of goodwill in Ukraine and loan receivables due from Canada during 2013 partially offset by a decrease in services costs and selling, general and administrative expenses in line with the overall decrease in revenue as well as a decrease in amortization due to reduction in the amortization rate of intangibles acquired in the Wind Telecom transaction in 2011.

Service Costs

Our consolidated service costs decreased by 5.6% to US\$5,133 million during 2013 from US\$5,439 million during 2012. As a percentage of consolidated total operating revenue, our service costs decreased to 22.8% during 2013 from 23.6% during 2012. The decrease was primarily due to our efforts in increasing profitability of our services across our major markets.

Cost of Equipment and Accessories

Our consolidated cost of equipment and accessories increased by 12.6% to US\$780 million in 2013 from US\$693 million in 2012. This increase was primarily due to increased sales in Italy, which was partially offset by a decrease in other segments.

Selling, General and Administrative Expenses

Our consolidated selling, general and administrative expenses increased by 16.9% to US\$8,373 million during 2013 from US\$7,161 million during 2012. This increase was primarily due to a provision recorded for the Bank of Algeria claim and increased expenses in Russia due to the accelerated roll-out of our 3G network and network quality improvement, partially offset by the overall decrease in total operating revenue. As a percentage of consolidated total operating revenue, our consolidated selling, general and administrative expenses increased to 37.1% in 2013 from 31.1% in 2012.

Adjusted EBITDA and Adjusted EBITDA Margin

Our consolidated adjusted EBITDA decreased by 15.4% to US\$8,260 million during 2013 from US\$9,768 million during 2012, primarily due to an overall decrease in revenue, a provision recorded for the Bank of Algeria claim and increased expenses in Russia due to accelerated roll-out of our 3G network and network quality improvement.

Depreciation and Amortization Expenses

Our consolidated depreciation and amortization expenses decreased by 3% to US\$4,841 million in 2013 from US\$5,006 million in 2012. The decrease was primarily the result of a decrease in amortization due to

reduction in amortization rate of intangibles acquired in the Wind Telecom transaction in 2011, partially offset by an increase in depreciation as a result of accelerated roll out of our 3G network and the roll out of a 4G/LTE network in Russia and accelerated depreciation of network equipment in Pakistan due to network modernization.

Impairment Loss

Our consolidated impairment loss was US\$2,973 million in 2013 in comparison with US\$386 million in 2012. The impairment loss in 2013 primarily related to impairment of goodwill related to Ukraine of US\$2,085 million, in Laos of US\$25 million and in Armenia of US\$20 million and impairment of the 4G/LTE telecommunication license in Uzbekistan of US\$30 million. In addition, in 2013 we impaired our shareholder loans to Wind Canada in the amount of US\$764 million. The impairment loss of US\$386 million in 2012 primarily related to impairment of our shareholder loans to Wind Canada of US\$344 million.

Loss on Disposals of Non-current Assets

Our consolidated loss on disposals of non-current assets decreased by 51.2% to US\$100 million during 2013 from US\$205 million during 2012 primarily due to lower equipment write-offs during 2013 in our Russia and Ukraine segments.

Operating Profit

Our consolidated operating profit decreased by 91.7% to US\$346 million in 2013 from US\$4,171 million in 2012 due to the above mentioned impacts, primarily impairment losses and a one-off charge for the Bank of Algeria claim. Our consolidated operating profit as a percentage of total operating revenue in 2013 decreased to 1.5% from 18.1% in 2012.

Other Non-operating Profits and Losses

Finance Costs and Finance Income

Our consolidated finance costs increased by 6% to US\$2,150 million in 2013 from US\$2,029 million in 2012, primarily due to the interest capitalization stopped in Italy due to the launch of 4G/LTE. Our consolidated finance income decreased by 40.9% to US\$91 million in 2013 from US\$154 million in 2012, primarily due to lower interest earned on deposits.

Other Non-operating Losses/(Gains)

We recorded US\$172 million in other non-operating loss during 2013 compared to US\$75 million in losses during 2012. The change was primarily due to income recorded during 2013 for indemnity claims, positive revaluation of our embedded derivatives in Italy offset by losses from ineffective portion of hedges and negative revaluation of options over non-controlling interest. Losses in 2012 mainly consisted of one-off charges for non-income tax provisions.

Shares of Loss/(Profit) of Associates and Joint Ventures Accounted for Using the Equity Method

We recorded a loss of US\$159 million from our equity in associates in 2013 compared to a loss of US\$9 million in 2012. The change was primarily due to an decrease in income from Euroset coupled with an increase in losses from Wind Canada.

Net Foreign Exchange (Gain)/Loss

We recorded a gain of US\$20 million from foreign currency exchange in 2013 compared to a US\$70 million foreign currency exchange loss in 2012. The gain was primarily due to revaluation of our U.S. dollar financial liabilities due to appreciation of the Euro to the U.S. dollar in 2013 and revaluation of our U.S. dollar financial assets due to depreciation of the Russian ruble to the U.S. dollar in 2013.

Income Tax Expense

Our consolidated income tax expense increased by 127.8% to US\$2,064 million in 2013 from US\$906 million in 2012. The increase in income taxes was primarily due to one off charges of withholding taxes over the accumulated earnings in our subsidiaries in Russia, CIS and Algeria as a result of an anticipated dividend distribution, accrual of provisions on uncertain income tax positions and a write-off of the tax receivable in Algeria in the amount of US\$551 million as part of the settlement with the Algerian government.

Profit for the Year Attributable to the Owners of the Parent

In 2013, the consolidated loss for the year attributable to the owners of the parent was US\$2,625 million compared to US\$1,539 million of profit in 2012. The movement was due to losses for the year as a result of abovementioned factors, primarily impairment losses and a one-off charge for the Bank of Algeria claim.

Profit for the Year Attributable to Non-controlling Interest

Our loss for the year attributable to non-controlling interest was US\$1,463 million in 2013 compared to a loss of US\$163 million in 2012, due to higher net losses in our consolidated subsidiaries that are not wholly owned by us. This primarily relates to GTH and its losses related to the Algerian transaction.

Russia

Results of operations in US\$

	Year ended December 31,		
	2014	2013	2012
	(In millions of US dollars)		
Service revenue	7,249	8,745	8,815
Sale of equipment and accessories	197	350	358
Other revenue	14	15	16
Total operating revenue	7,459	9,109	9,190
Operating expenses			
Service costs	2,073	2,434	2,502
Cost of equipment and accessories	221	381	323
Selling, general and administrative expenses	2,185	2,479	2,485
Adjusted EBITDA	2,980	3,815	3,878

Results of operations in RUB

	Year ended December 31,		
	2014	2013	2012
	(In millions of RUB)		
Service revenue	273,502	278,432	273,795
Sale of equipment and accessories	7,881	11,016	11,075
Other revenue	516	462	504
Total operating revenue	281,898	289,910	285,375
Operating expenses			
Service costs	78,579	77,491	77,722
Cost of equipment and accessories	8,747	12,032	10,044
Selling, general and administrative expenses	82,636	78,965	77,130
Adjusted EBITDA	111,935	121,422	120,478

Certain Performance Indicators

	Year ended December 31,		
	2014	2013	2012
Mobile			
Customers (end of the period in millions)	57.2	56.5	56.1
ARPU in USD	8.6	10.6	10.8
ARPU in RUB	323	338	336
MOU	304	291	276
Annual churn (as a percentage)	60.1	63.9	63.2
Fixed			
Broadband customers (end of the period in millions)	2.3	2.3	2.3

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Our total operating revenue in Russia decreased by 18.1% to US\$7,459 million during 2014 from US\$9,109 million during 2013 mainly due to the negative effect of the depreciation of the ruble against the US dollar. In functional currency terms, total operating revenue in Russia decreased by 2.8% due to the measures taken to eliminate unrequested services from content providers to our customers. Our Russia total operating revenue consists primarily of mobile services and fixed-line services.

Our mobile total operating revenue in Russia decreased by 19.4% to US\$6,071 million during 2014 from US\$7,536 million during 2013. In functional currency terms, our mobile service revenue decreased by 3.3%.

During 2014, we generated US\$3,095 million of our service revenue from airtime charges from mobile postpaid and prepaid customers, including monthly contract fees and roaming fees and roaming fees received from other mobile services operators for providing roaming services to their customers, or 51.0% of the total mobile operating revenue in our Russia segment, compared to US\$3,923 million, or 52.1% of the total mobile operating revenue in 2013. In U.S. dollars terms, the 21.1% decrease in voice service revenue in the Russia segment was due to decreased ARPU, caused by natural APPM deterioration and roaming decline. In functional currency terms, our voice service revenue decreased by 7.0%.

During 2014, we generated US\$1,820 million of our service revenue from value added services, including data revenue, or 30.0% of the total mobile operating revenue in our Russia segment, compared to US\$2,099 million, or 27.9% of the total mobile operating revenue in 2013. In U.S. dollars terms, the decrease was 13.3%, while in functional currency terms, our Russia segment service revenue from value added services, including data revenue, increased by 3.2% during 2014 compared to 2013. Such a low growth in functional currency terms is primarily due to decrease of value added services related to the measures taken to eliminate unrequested services from content providers to our customers.

During 2014, we generated US\$961 million of our service revenue from interconnect, or 15.8% of the total mobile operating revenue in our Russia segment, compared to US\$1,171 million, or 15.5% of the total mobile operating revenue, in 2013. In U.S. dollars terms, the decrease was 17.9%, while in functional currency terms, our Russia segment service revenue from interconnect decreased by 2.7% during 2014 compared to 2013, primarily due to a decreased volume of incoming traffic from other operators.

Our mobile total operating revenue in our Russia segment also included revenue from sales of equipment and accessories and other revenue. During 2014, revenue from sales of equipment and accessories and other revenue decreased by 43.2% to US\$195 million, or 3.2% of the total mobile operating revenue in our Russia

segment in 2014, from US\$344 million, or 4.6% of the total mobile operating revenue in our Russia segment in 2013. In functional currency terms, our Russia segment sales of equipment and accessories decreased by 27.7% during 2014 compared to 2013, primarily as a result of decreased sales of devices (such as iPhones).

During 2014, revenue from our fixed-line services in Russia decreased by 11.7% to US\$1,388 million from US\$1,572 million in 2013. Our revenue from fixed-line services in Russia in 2014 consisted of US\$549 million generated from business operations, US\$489 million generated from wholesale operations and US\$349 million generated from residential and FTTB operations. In functional currency terms, our total operating revenue from our Russia fixed-line services increased by 5.1% during 2014 compared to 2013, primarily due to favorable impact of RUR/USD exchange rate in fixed-line contracts based on U.S. dollar terms.

Our Russia adjusted EBITDA decreased by 21.9% to US\$2,980 million during 2014 from US\$3,815 million during 2013. In functional currency terms, our Russia adjusted EBITDA decreased by 7.8%, primarily as a result of the negative effect of the depreciation of the ruble against the US dollar on roaming, interconnect costs and structural OPEX, while network related costs also increased as a result of the recent accelerated high-speed data network roll out. In functional currency terms, adjusted EBITDA margin in 2014 in our Russia segment was 39.7%, which is 2.2 percentage points below adjusted EBITDA margin in 2013. The decrease was primarily due to the negative effect of the depreciation of the ruble against the US dollar on costs and the increase in network related costs.

As of December 31, 2014, we had approximately 57.2 million mobile customers in Russia, representing an increase of 1.2% from approximately 56.5 million mobile customers as of December 31, 2013. Our mobile customer growth in Russia in 2014 was mainly due to the reduction in churn, which was caused by activity to improve customer loyalty and quality of sales as well as the investments made in our high-speed data network.

In 2014, our mobile ARPU in Russia decreased by 19.1% to US\$8.6 from US\$10.6 in 2013, primarily as a result of depreciation of the Russian ruble against the U.S. dollar. In functional currency terms, mobile ARPU in Russia decreased by 4.3% in 2014 compared to 2013, due to decreased voice revenue and as a result of the measures taken to reject spam and unrequested services from content providers.

In 2014, our mobile MOU in Russia increased by 4.3% to 304 from 291 in 2013, primarily as a result of consistent promotion of bundled and on-net oriented offers.

In 2014, our mobile churn rate in Russia decreased to 60.1% compared to 63.9% in 2013 continued improvements in customer perception during 2014.

The fixed-line broadband customers are mainly represented by FTTB customers. As of December 31, 2014 and December 31, 2013, we had approximately 2.3 million fixed-line customers in Russia. The number did not change significantly due to our focus on high-value customers and limited expansion in other segments.

As of December 31, 2014, we had also approximately 3.7 million mobile broadband customers using USB modems in Russia, representing an increase of approximately 16.5% over the approximately 3.1 million mobile broadband customers as of December 31, 2013. The increase was mainly due to our sales efforts in the USB modem market.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Our total operating revenue in Russia decreased by 0.9% to US\$9,109 million during 2013 from US\$9,190 million during 2012 due to depreciation of the Russian ruble against the US dollar. In functional currency terms total operating revenue in Russia increased by 1.6%. Our Russia total operating revenue consists primarily of mobile services and fixed-line services.

Our mobile total operating revenue in Russia decreased by 1.2% to US\$7,536 million during 2013 from US\$7,630 million during 2012.

During 2013, we generated US\$3,923 million of our service revenue from airtime charges from mobile postpaid and prepaid customers, including monthly contract fees and roaming fees and roaming fees received from other mobile services operators for providing roaming services to their customers, or 52.1% of the total mobile operating revenue in our Russia segment, compared to US\$4,173 million, or 54.7% of the total mobile operating revenue, in 2012. In U.S. dollars terms, the 6.0% decrease in voice service revenue in the Russia segment was due to decreasing revenue from service voice as a result of APPM decline and decrease in content revenue. In functional currency terms, our voice service revenue decreased by 3.7%.

During 2013, we generated US\$2,099 million of our service revenue from value added services, including data revenue, or 27.9% of the total mobile operating revenue in our Russia segment, compared to US\$1,951 million, or 25.6% of the total mobile operating revenue, in 2012. In U.S. dollars terms, the increase was 7.6%, while in functional currency terms, our Russia segment service revenue from value added services, including data revenue, increased by 10.4% during 2013 compared to 2012, primarily due to an increase in mobile customers using Internet access and overall consumption of Internet services due to increasing demand for data.

During 2013, we generated US\$1,171 million of our service revenue from interconnect, or 15.5% of the total mobile operating revenue in our Russia segment, compared to US\$1,152 million, or 15.1% of the total mobile operating revenue, in 2012. In U.S. dollars terms, the increase was 1.6%, while in functional currency terms, our Russia segment service revenue from interconnect increased by 4.1% during 2013 compared to 2012, primarily due to an increase in tariffs for international operators.

Our mobile total operating revenue in our Russia segment also included revenue from sales of equipment and accessories and other revenue. During 2013, revenue from sales of equipment and accessories and other revenue decreased by 2.6% to US\$344 million from US\$353 million during 2012 and increased to 4.6% of the total mobile operating revenue in our Russia segment in 2013. In functional currency terms, our Russia segment sales of equipment and accessories decreased by 0.9% during 2013 compared to 2012, primarily as a result of a decrease in sales due to our focus on higher marginal services.

During 2013, revenue from our fixed-line services in Russia increased by 0.8% to US\$1,572 million from US\$1,560 million in 2012. Our revenue from fixed-line services in Russia in 2013 consisted of US\$631 million generated from business operations, US\$525 million generated from wholesale operations and US\$416 million generated from residential and FTTB operations. In functional currency terms, our total operating revenue from our Russia fixed-line services increased by 3.3% during 2013 compared to 2012, primarily due to increase of volume in international traffic termination and increase of tariffs.

Our Russia adjusted EBITDA decreased by 1.6% to US\$3,815 million during 2013 from US\$3,878 million during 2012. In functional currency terms, our Russia adjusted EBITDA increased by 0.8%, primarily as a result of improved gross margin, mainly offset by increase in sales, general and administrative expenses due to accelerated roll-out of our 3G network and network quality improvement. In functional currency terms, adjusted EBITDA margin in 2013 in our Russia segment was 41.9%, which is 0.3 percentage points below adjusted EBITDA margin in 2012. The decrease was primarily due to an increase in sales, general and administrative expenses due to accelerated roll-out of our 3G network and network quality improvement.

As of December 31, 2013, we had approximately 56.5 million mobile customers in Russia, representing an increase of 0.7% from approximately 56.1 million mobile customers as of December 31, 2012. Our mobile customer growth in Russia in 2013 was mainly due to focusing our sales efforts on regaining customer market share to improve revenue market share.

In 2013, our mobile ARPU in Russia decreased by 1.9% to US\$10.6 from US\$10.8 in 2012, primarily as a result of depreciation of the Russian ruble against the U.S. dollar. In functional currency terms, mobile ARPU in Russia increased by 0.5% in 2013 compared to 2012, due to increased revenue from data as a result of promoting our mobile Internet services.

In 2013, our mobile MOU in Russia increased by 5.5% to 291 from 276 in 2012, primarily as a result of consistent promotion of bundled and on-net oriented offers.

In 2013, our mobile churn rate in Russia marginally increased to 63.9% compared to 63.2% in 2012 due to the higher churn rate in lower-ARPU customers that comprised a slightly bigger portion of our customer base.

The fixed-line broadband customers are mainly represented by FTTB customers. As of December 31, 2013 and December 31, 2012, we had approximately 2.3 million fixed-line customers in Russia. The number did not change significantly due to our focus on high-value customers and limited expansion in other segments.

As of December 31, 2013, we had also approximately 3.1 million mobile broadband customers using USB modems in Russia, representing an increase of approximately 18.1% over the approximately 2.7 million mobile broadband customers as of December 31, 2012. The increase was mainly due to our sales efforts in the USB modem market and active promotion of offers based on unlimited Internet usage.

Italy

Results of operations in US\$

	Year ended December 31,		
	2014	2013	2012
	(In millions of US dollars)		
Service revenue	5,536	6,096	6,507
Sale of equipment and accessories	301	318	255
Other revenue	318	204	220
Total operating revenue	6,155	6,618	6,982
Operating expenses			
Service costs	1,454	1,560	1,787
Cost of equipment and accessories	299	342	291
Selling, general and administrative expenses	1,986	2,118	2,246
Adjusted EBITDA	2,416	2,598	2,658

Results of operations in EUR

	Year ended December 31,		
	2014	2013	2012
	(In millions of EUR)		
Service revenue	4,166	4,577	5,063
Sale of equipment and accessories	227	252	198
Other revenue	240	154	165
Total operating revenue	4,633	4,983	5,427
Operating expenses			
Service costs	1,093	1,175	1,388
Cost of equipment and accessories	225	258	227
Selling, general and administrative expenses	1,495	1,595	1,744
Adjusted EBITDA	1,820	1,955	2,068

Certain Performance Indicators

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Mobile			
Customers (end of period in millions)	21.6	22.3	21.6
ARPU in USD	14.6	16.3	18.5
ARPU in EUR	11.3	12.3	14.4
MOU	264	237	207
Annual churn (in percentage)	31.4	36.6	35.2
Fixed			
Broadband customers (end of period in millions)	2.2	2.2	2.2

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Our Italy total operating revenue was US\$6,155 million during 2014, representing a decrease of 7.0% compared to US\$6,618 million in 2013. In local currency terms, the total operating revenue also declined by 7.0%.

In our Italy segment, total operating revenue from services was US\$5,536 million during 2014, representing a decrease of 9.2% compared to US\$6,096 million in 2013. The decrease in service revenue in our Italy segment was mainly due to a decrease in voice services affected by the difficult macroeconomic situation and the contraction of the market.

During 2014, we generated US\$4,837 million of our service revenue from mobile and fixed-line telecommunication services, including revenue from, among others, traffic, roaming revenue from our customers travelling abroad, fees and contributions from our mobile and fixed-line (including Internet) businesses, or 87.4% of our total operating revenue from services in our Italy segment, which decreased by 9.6% from US\$5,352 million of revenue in 2013, or 88.0% of our total operating revenue from services in our Italy segment, in 2013. The decrease was mainly due to a difficult macroeconomic situation and the contraction of the market which was partially offset by WIND's ability to maintain a stable mobile customer base and revenue from the development of new offers dedicated to internet navigation on mobile phones.

During 2014, we generated US\$506 million of our service revenue from interconnection traffic, relating to incoming calls from other operators' networks to our mobile and fixed-line networks, or 9.1% of our total operating revenue from services in our Italy segment, representing a decrease of 4.6% compared to US\$530 of revenue in 2013, or 8.7% of the total operating revenue from services in 2013. The decrease is due to the effect of the reduction of unit tariffs set by AGCOM.

During 2014, we generated US\$145 million of our service revenue from other types of services, which mainly relate to leased lines and access fees charged to telecom operators and penalties charged to mobile and fixed-line customers, or 2.6% of our total operating revenue from services in our Italy segment, representing a decrease of 8.9% compared to US\$159 in 2013, or 2.6% of our total operating revenue from services. The decrease compared to 2013 is mainly due to lower revenue from co-marketing activities.

Our total operating revenue in our Italy segment also included revenue from sales of equipment, mainly relating to the sale of SIM cards, mobile and fixed-line phones and related accessories. During 2014, revenue from sales of equipment was US\$301 million, representing a decrease of 5.3% from US\$318 million in 2013 primarily due to the decrease in the sale of mobile telephone handsets which is only partially offset by a shift of sales towards higher priced devices.

During 2014, we generated US\$318 million of our revenue in our Italy segment from the settlement of commercial disputes and penalties charged to suppliers, representing an increase of 55.9% from US\$204 million in 2013. The increase was mainly due to the revisions of estimates made in previous years and to the effects related to the higher proceeds from settlement of disputes with some suppliers.

Our Italy adjusted EBITDA decreased by 7.0% to US\$2,416 million during 2014 from US\$2,598 million during 2013, primarily due to lower revenue, compensated by lower selling, general and administrative expenses as a result of our cost efficiency project initiatives and tight cost control measures. In functional currency terms, adjusted EBITDA margin in 2014 in our Italy segment was 39.3%, which is 0.3 percentage points above the adjusted EBITDA margin in 2013.

As of December 31, 2014, we had approximately 21.6 million customers in Italy representing a decrease of 3.1% from approximately 22.3 million customers as of December 31, 2013. Our mobile customer decrease in 2014 was mainly due to lower gross additions in the market coming from the more rational approach to promotions developed in 2014 by the main three operators.

In 2014, our mobile ARPU in Italy decreased by 8.3% to EUR 11.3 from EUR 12.3 in 2013 primarily as a result of a decline in voice revenue due to the cannibalization following high competition on prices in 2013.

In 2014, our mobile MOU in Italy increased by 11.5 % to 264 from 237 in 2013, primarily due to the continued promotion of bundle offers which include minutes of voice traffic, SMS and mobile Internet connectivity.

In 2014, our mobile churn rate in Italy decreased to 31.4% compared to 36.6% in 2013 as a consequence of the more rational approach to promotions developed in 2014 by the main three operators.

As of December 31, 2014, and 2013 we had approximately 2.2 million fixed-line broadband customers in Italy. The number did not change due to the new strategy focused on higher margin customers and less expensive pull sales channels.

As of December 31, 2014, we had approximately 10.2 million mobile broadband customers in Italy, representing an increase of approximately 22.9% over the approximately 8.3 million mobile broadband customers as of December 31, 2013. The increase was mainly driven by WIND's new campaigns based on "All Inclusive" package offerings coupled with value for money plans and the increased diffusion in the market of smartphones.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Our Italy total operating revenue was US\$6,618 million during 2013, representing a decrease of 5.2% compared to US\$6,982 million in 2012.

In our Italy segment, total operating revenue from services was US\$6,096 million during 2013, representing a decrease of 6.3% compared to US\$6,507 million in 2012. The decrease in service revenue in our Italy segment was mainly due to a decrease in interconnection revenue as a result of MTR cuts, and a decrease in telephone services, the effect of which was partially offset by the increase in the revenue from equipment sales.

During 2013, we generated US\$5,352 million of our service revenue from mobile and fixed-line telecommunication services, including revenue from, among others, traffic, roaming revenue from our customers travelling abroad, fees and contributions from our mobile and fixed-line (including Internet) businesses, or 87.8% of our total operating revenue from services in our Italy segment, which decreased by 2.7% from US\$5,501 million of revenue, or 84.5% of our total operating revenue from services in our Italy segment, in 2012. The decrease was mainly due to a difficult macroeconomic situation and the contraction of the market. The decrease was in part offset by an increase in our mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

During 2013, we generated US\$530 million of our service revenue from interconnection traffic, relating to incoming calls from other operators' networks to our mobile and fixed-line networks, or 8.7% of our total operating revenue from services in our Italy segment, representing a decrease of 32.6% compared to US\$786 of revenue, or 12.1% of the total operating revenue from service, in 2012. The decrease is primarily due to the effect of the reduction of unit tariffs set by AGCOM.

During 2013, we generated US\$55 million of our service revenue from international roaming, relating to calls made by customers of foreign mobile network operators while travelling in Italy, or 0.9% of our total operating revenue from services in our Italy segment. In 2012, we generated US\$57 million from international roaming, or 0.9% of total operating revenue from services in our Italy segment. In 2013 international roaming revenue fell mainly as a result of the general reduction in tariffs, only partially offset by an increase in international roaming volume.

During 2013, we generated US\$159 million of our service revenue from other types of services, which mainly relate to rental to third parties of advertising space on our internet portal, leased lines and access fees charged to telecom operators and penalties charged to their mobile and fixed-line customers, or 2.6% of our total operating revenue from services in our Italy segment, representing a decrease of 2.5% compared to US\$163 in 2012, or 2.5% of our total operating revenue from services. The decrease compared to 2012 is mainly due to lower revenue from rental from other operators (colocation) due to the netting of the amount with the related cost.

Our total operating revenue in our Italy segment also included revenue from sales, mainly relating to the sale of SIM cards, mobile and fixed-line phones and related accessories. During 2013, revenue from sales increased to US\$318 million, or 24.6%, from US\$255 million in 2012 primarily due to the increase in sale of mobile telephone handsets and a shift of sales towards higher priced devices.

During 2013, we generated US\$204 million of our revenue in our Italy segment from the settlement of commercial disputes and penalties charged to suppliers, representing a decrease of 7.2% from US\$220 million in 2012. The decrease was mainly due to the revisions of estimates made in previous years and to the effects related to the lower proceeds from settlement of disputes with some suppliers.

Our Italy adjusted EBITDA decreased by 2.3% to US\$2,598 million during 2013 from US\$2,658 million during 2012, primarily due to lower revenue, partially compensated by lower selling, general and administrative expenses as a result of our cost efficiency project initiatives and tight cost control measures. In functional currency terms, adjusted EBITDA margin in 2013 in our Italy segment was 39.0%, which is 0.9 percentage points above the adjusted EBITDA margin in 2012, primarily due to our cost efficiency project initiatives and tight cost control measures.

As of December 31, 2013, we had approximately 22.3 million customers in Italy representing an increase of 3.0% over approximately 21.6 million customers as of December 31, 2012. Our mobile customer increase in 2013 was mainly due to continued development of innovative options and related promotions, enhancing our perception in the market as a value for money operator, focusing on transparency and simplicity, improving our brand recognition and maintaining strong customer service. These efforts were further supported by the availability of MNP and a continued increase in penetration of smartphones and data services.

In 2013, our mobile ARPU in Italy decreased by 11.9% to US\$16.3 from US\$18.5 in 2012 primarily as a result of a decline in voice revenue due to strong competition on pricing and regulations reducing mobile termination rates, which decrease was partially offset by appreciation of the Euro against the U.S. dollar. In functional currency terms, mobile ARPU in Italy decreased by 14.5% in 2013 compared to 2012.

In 2013, our mobile MOU in Italy increased by 14.4 % to 237 from 207 in 2012, primarily due to the continued promotion of bundle offers which include minutes of voice traffic, SMS and mobile Internet connectivity.

In 2013, our mobile churn rate in Italy marginally increased to 36.6% compared to 35.2% in 2012 due to the strong competition in the market and regulatory requirements to ensure a relatively shorter time needed to transfer a mobile number under the MNP regulation.

As of December 31, 2013 and 2012 we had approximately 2.2 million fixed-line broadband customers in Italy. The number did not change due to the new strategy focused on higher margin customers and less expensive pull sales channels.

As of December 31, 2013, we had approximately 8.3 million mobile broadband customers in Italy, representing an increase of approximately 50.9% over the approximately 5.5 million mobile broadband customers as of December 31, 2012. The increase was mainly driven by WIND's renewed campaigns based on "All Inclusive" package offerings coupled with value for money plans and the increased diffusion in the market of smartphones.

Algeria

Results of operations in US\$

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	(In millions of US dollars)		
Service revenue	1,678	1,790	1,841
Sale of equipment and accessories	12	6	2
Other revenue	2	—	—
Total operating revenue	<u>1,692</u>	<u>1,796</u>	<u>1,843</u>
Operating expenses			
Service costs	328	346	351
Cost of equipment and accessories	12	6	2
Selling, general and administrative expenses	495	1,656	443
Adjusted EBITDA	857	(212)	1,047

Results of operations in DZD

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	(In billions of DZD)		
Service revenue	135	143	136
Sale of equipment and accessories	1	—	—
Other revenue	—	—	—
Total operating revenue	<u>136</u>	<u>143</u>	<u>136</u>
Operating expenses			
Service costs	26	28	27
Cost of equipment and accessories	1	—	—
Selling, general and administrative expenses	40	130	36
Adjusted EBITDA	69	(15)	73

Certain Performance Indicators

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Mobile*			
Customers (end of the period in millions)	18.4	17.6	16.7
ARPU in USD	7.8	8.4	9.0
ARPU in DZD	629	693	707
MOU	194	216	274
Annual churn (as a percentage)	23.6	31.6	29.5

* The customer numbers for 2012 have been adjusted to align with the group definition. MOU, ARPU and Annual Churn have been adjusted accordingly.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Our Algeria total operating revenue decreased to US\$1,692 million during 2014, representing a decrease of 5.8% from US\$1,796 million during 2013. Our Algeria total operating revenue consists of revenue from providing mobile services. Our revenue was negatively impacted by the delayed commercial launch of our 3G network and adverse regulatory actions.

During 2014, we generated US\$1,442 million of our service revenue from airtime charges from mobile contract and prepaid customers, including monthly contract fees and roaming fees, and roaming fees received from other mobile service operators for providing roaming services to their customers, or 85.2 % of our total operating revenue in our Algeria segment, compared to US\$1,563 million, or 87.0% of the total operating revenue in our Algeria segment, in 2013. The decrease in revenue in our Algeria segment was primarily due to the delayed roll out of our 3G network compared to that of our competitors.

During 2014, we generated US\$120 million of our service revenue from interconnect fees, or 7.1% of the total operating revenue in our Algeria segment, compared to US\$126 million, or 7.0 % of the total operating revenue in our Algeria segment, in 2013. The decrease during 2014 compared to 2013 was due to lower traffic terminated on our network.

During 2014, we generated US\$102 million of our service revenue from value added services, including data revenue, or 6.0% of the total operating revenue in our Algeria segment, compared to US\$92 million, or 5.1% of the total operating revenue in our Algeria segment, in 2013. The increase in 2014 compared to 2013 was due to the launch of the 3G network and our efforts to promote data tariff plans.

Our total operating revenue in our Algeria segment also includes revenue from sales of equipment and accessories and other revenue. During 2014, revenue from sales of equipment and accessories and other revenue was US\$14 million, whereas in 2013 revenue from sales of equipment and accessories and other revenue was US\$6 million.

Our Algeria adjusted EBITDA increased to US\$857 million during 2014 from negative US\$212 million during 2013, primarily due to a one-off charge in 2013 for the Bank of Algeria claim of US\$1,266 million in 2013 as part of the settlement with the Algerian government, a one off charge in 2014 of US\$50 million related to litigation settlement with Cevital, increased network maintenance expenses due to the roll out of our 3G network and an overall decrease in revenue.

As of December 31, 2014, we had approximately 18.4 million customers in our Algeria segment, in comparison with 17.6 million customers in 2013. The 4.6% increase is due to our sales efforts to maintain customer market share and increased penetration on the market.

We did not have broadband customers in Algeria as of December 31, 2014.

In 2014, our mobile ARPU in Algeria decreased by 9.1% to US\$7.8 from US\$8.4 in 2013. The decrease is mainly due to the inability to attract high value customers and promote corporate offers, as a result of limited network capacity due to limitations from the government coupled with actions of our competitors in the market.

In 2014, our mobile MOU in Algeria decreased by 10.2% to 194 from 216 in 2013 mainly due to customer growth in customer segments with lower usage patterns.

In 2014, our mobile churn rate in Algeria decreased to 23.6% compared to 31.6% in 2013 due to an adjustment in our customer base number in 2013 because of a technical issue.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Our Algeria total operating revenue decreased to US\$1,796 million during 2013, representing a decrease of 2.5% from US\$1,842 million during 2012. Our Algeria total operating revenue consists of revenue from providing mobile services. Our revenue was impacted by adverse regulatory actions.

During 2013, we generated US\$1,563 million of our service revenue from airtime charges from mobile contract and prepaid customers, including monthly contract fees and roaming fees, and roaming fees received from other mobile service operators for providing roaming services to their customers, or 87.0 % of our total operating revenue in our Algeria segment, compared to US\$1,601 million, or 86.9% of the total operating revenue in our Algeria segment, in 2012. The decrease in revenue in our Algeria segment was primarily due to the adverse regulatory actions.

During 2013, we generated US\$126 million of our service revenue from interconnect fees, or 7.0% of the total operating revenue in our Algeria segment, compared to US\$142 million, or 7.7 % of the total operating revenue in our Algeria segment, in 2012. The decrease during 2013 compared to 2012 was due to a decrease in international incoming traffic as well as MTR cuts.

During 2013, we generated US\$92 million of our service revenue from value added services, including data revenue, or 5.1% of the total operating revenue in our Algerian segment, compared to US\$89 million, or 4.9% of the total operating revenue in our Algeria segment, in 2012.

Our total operating revenue in our Algeria segment also includes revenue from sales of equipment and accessories and other revenue. During 2013, revenue from sales of equipment and accessories and other revenue was US\$6 million, whereas in 2012 revenue from sales of equipment and accessories and other revenue was US\$2 million.

Our Algerian adjusted EBITDA decreased to negative US\$212 million during 2013 from US\$1047 million during 2012, primarily due to a one-off charge for the Bank of Algeria claim of US\$1,266 million in 2013 as part of the settlement with the Algerian government slightly offset by cost control and operational excellence program.

As of December 31, 2013, we had approximately 17.6 million customers in our Algerian segment, in comparison with 16.7 million customers in 2012. The 5.4% increase is due to our sales efforts to maintain customer market share and increased penetration in the market.

In 2013, our mobile ARPU in Algeria decreased by 6.5% to US\$8.4 from US\$9.0 in 2012. The decrease is mainly due to the inability to attract high value customers and promote corporate offers, as a result of limited network capacity due to limitations from the government coupled with actions of our competitors in the market.

In 2013, our mobile MOU in Algeria decreased by 21.1% to 216 from 274 in 2012 mainly due to customer growth in customer segments with lower usage patterns

In 2013, our mobile churn rate in Algeria increased to 31.6% compared to 29.5% in 2012 due to the effect of actions from various governmental authorities.

Africa & Asia

Results of operations

	Year ended December 31,		
	2014	2013	2012
	(In millions of US dollars)		
Service revenue	1,619	1,645	1,840
Sale of equipment and accessories	2	4	16
Other revenue	47	61	24
Total operating revenue	1,668	1,710	1,880
Operating expenses			
Service costs	277	291	344
Cost of equipment and accessories	4	7	14
Selling, general and administrative expenses	808	795	831
Adjusted EBITDA	579	617	691

Segmentation of Total operating revenue

	Year ended December 31,		
	2014	2013	2012
	(In millions of US dollars)		
Pakistan	1,010	1,066	1,132
Bangladesh	563	504	554
Other and eliminations ⁽¹⁾	95	140	194
Total	1,668	1,710	1,880

(1) Other and eliminations include results of our operations in Laos, HQ related costs for Africa and Asia and intercompany eliminations within the segment.

Segmentation of Adjusted EBITDA

	Year ended December 31,		
	2014	2013	2012
	(In millions of US dollars)		
Pakistan	386	443	488
Bangladesh	219	187	192
Other and eliminations ⁽¹⁾	(26)	(13)	11
Total	579	617	691

(1) Other and eliminations include results of our operations in Laos, HQ related costs for Africa and Asia and intercompany eliminations within the segment.

For a presentation of certain performance indicators for each of our countries of operation within the Africa & Asia segment, see “Item 3. Key Information—A. Selected Financial Data—Selected Operating Data.”

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Our Africa & Asia total operating revenue decreased to US\$1,668 million during 2014, representing a decrease of 2.5% from US\$1,710 million during 2013. Our Africa & Asia total operating revenue consists of revenue from providing mobile services. In September 2014, we sold our subsidiaries in Burundi and Central African Republic. In 2013, we sold our subsidiary in Cambodia.

During 2014, we generated US\$1,059 million of our revenue from airtime charges from mobile contract and prepaid customers, including monthly contract fees and roaming fees, and roaming fees received from other mobile service operators for providing roaming services to their customers, or 63.5 % of our total operating revenue in our Africa & Asia segment, compared to US\$1,079 million, or 63.1% of the total operating revenue in our Africa & Asia segment, in 2013. The decrease in revenue in our Africa & Asia segment was primarily due to the sale of Burundi and Central African Republic and lower revenue in Pakistan which was only partially offset by increased revenue in Bangladesh. Revenue in Pakistan was lower due to competitive pressure.

During 2014, we generated US\$199 million of our revenue from interconnect fees, or 11.9% of the total operating revenue in our Africa & Asia segment, compared to US\$226 million, or 13.2 % of the total operating revenue in our Africa & Asia segment, in 2013. The decrease in 2014 compared to 2013 was due to a decline in interconnect revenue in Pakistan as a result of lower International Clearing House (“ICH”) revenues because of industry-wide steady decline in incoming international traffic after ICH implementation.

During 2014, we generated US\$254 million of our revenue from value added services, including data revenue, or 15.2% of the total operating revenue in our Africa & Asia segment, compared to US\$242 million, or 14.2% of the total operating revenue in our Africa & Asia segment, in 2013. The increase in 2014 compared to 2013 was due to an increase in data revenue in both Pakistan and Bangladesh partially offset by lower VAS revenue in Pakistan.

During 2014, we generated US\$107 million of our revenue from other services, or 6.4% of the total operating revenue in our Africa & Asia segment, compared to US\$98 million, or 5.7% of total operating revenue in the Africa & Asia segment, in 2013. These revenue are primarily generated by other services such as leasing lines, DSL and wireless internet in Pakistan.

Our total operating revenue in our Africa & Asia segment also includes revenue from sales of equipment and accessories and other revenue. During 2014, revenue from sales of equipment and accessories and other revenue was US\$49 million, whereas in 2013 revenue from sales of equipment and accessories and other revenue was US\$65 million.

Our Africa & Asia adjusted EBITDA decreased to US\$579 million during 2014 from US\$617 million during 2013, primarily due to the lower revenue.

As of December 31, 2014, we had approximately 71.6 million customers in our Africa & Asia segment (including Zimbabwe (accounted at cost) in the amount of 2.2 million customers), in comparison with 69.4 million customers (including Zimbabwe (accounted at cost) in the amount of 2.6 million customers) in 2013.

We did not have a significant number of broadband customers in Africa & Asia as of December 31, 2013.

Pakistan

In 2014, our mobile ARPU in Pakistan decreased by 8.7% to US\$2.1 from US\$2.3 in 2013 mainly due to adverse regulatory changes imposing additional taxes on customers and negative macroeconomic conditions. In functional currency terms, ARPU decreased in 2014 by 10.9% compared to 2013 mainly due to lower VAS services and decreased tariffs.

In 2014, our mobile MOU in Pakistan increased 5.3% to 238 from 226 in 2013 mainly due to active promotion of on-net oriented offers at competitive prices.

In 2014, our mobile churn rate in Pakistan increased to 26% compared to 23% in 2013 due to delay in network modernization and an aggressive pricing in the market.

Bangladesh

In 2014, our mobile ARPU in Bangladesh remained at US\$1.5 from 2013, as lower prices per minute of use were offset by higher MOU.

In 2014, our mobile MOU in Bangladesh increased by 7.2% to 197 from 184 in 2013 mainly due to disconnection of suspected high usage customers pursuant to regulator directives, as well as lower usage as a result of political instability throughout 2013.

In 2014, our mobile churn rate in Bangladesh decreased to 21.6% compared to 22.3% in 2013 mainly due to our efforts in customer retention.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Our Africa & Asia total operating revenue decreased to US\$1,710 million during 2013, representing a decrease of 9.0% from US\$1,880 million during 2012. Our Africa & Asia total operating revenue consists of revenue from providing mobile services.

During 2013, we generated US\$1,059 million of our revenue from airtime charges from mobile contract and prepaid customers, including monthly contract fees and roaming fees, and roaming fees received from other mobile service operators for providing roaming services to their customers, or 63.1% of our total operating revenue in our Africa & Asia segment, compared to US\$1,340 million, or 71.3% of the total operating revenue in our Africa & Asia segment, in 2012. The decrease in revenue in our Africa & Asia segment was primarily due to depreciation of functional currency in Pakistan, regulatory measures and unstable macro situations in major markets.

During 2013, we generated US\$226 million of our revenue from interconnect fees, or 13.2% of the total operating revenue in our Africa & Asia segment, compared to US\$226 million, or 12.0% of the total operating revenue in our Africa & Asia segment in 2012.

During 2013, we generated US\$242 million of our revenue from value added services, including data revenue, or 14.2% of the total operating revenue in our Africa & Asia segment, compared to US\$218 million, or 11.6% of the total operating revenue in our Africa & Asia segment, in 2012. The increase in 2013 compared to 2012 was due to increasing demand for data services as a result of an increase in smartphone penetration offset by devaluation of local currencies.

During 2013, we generated US\$98 million of our revenue from other services, or 5.7% of the total operating revenue in our Africa & Asia segment, compared to US\$56 million, or 3.0% of total operating revenue in the Africa & Asia segment, in 2012. This revenue is primarily generated by fixed line services such as leasing lines, DSL and wireless internet in Pakistan.

Our total operating revenue in our Africa & Asia segment also includes revenue from sales of equipment and accessories and other revenue. During 2013, revenue from sales of equipment and accessories and other revenue was US\$65 million, whereas in 2012 revenue from sales of equipment and accessories and other revenue was US\$40 million.

Our Africa & Asia adjusted EBITDA decreased by 10.7% to US\$617 million during 2013 from US\$691 million during 2012, primarily due to decrease in service revenue. Adjusted EBITDA margin in 2013 in our Africa & Asia segment was 36.1%, which is 0.7 percentage points lower than the adjusted EBITDA margin in 2012.

As of December 31, 2013, we had approximately 69.4 million customers in our Africa & Asia segment (including Zimbabwe (accounted at cost) in the amount of 2.6 million customers), in comparison with 64.9 million customers (including Zimbabwe (accounted at cost) in the amount of 2.6 million customers) in 2012. The 6.9% increase is due to continued customer acquisition in Bangladesh and Pakistan as a result of further market penetration and expansion of our mobile network coverage despite disconnection of VOIP customers in Bangladesh.

We did not have a significant amount of broadband customers in Africa & Asia as of December 31, 2013.

Pakistan

In 2013, our mobile ARPU in Pakistan decreased by 10.8% to US\$2.3 from US\$2.6 in 2012 mainly due to negative currency translation impact, adverse regulatory changes imposing additional taxes on customers and negative macroeconomic conditions. In functional currency terms, ARPU decreased in 2013 by 4.5% compared to 2012.

In 2013, our mobile MOU in Pakistan increased by 5.6% to 226 from 214 in 2012 mainly due to active promotion of on-net oriented offers.

In 2013, our mobile churn rate in Pakistan decreased to 23.0% compared to 25.2% in 2012 due to an increased focus on customer experience management and continuous reactivation offers supported by relatively lower sales in the beginning of the year due to regulatory restrictions.

Bangladesh

In 2013, our mobile ARPU in Bangladesh decreased by 16.2% to US\$1.5 from US\$1.8 in 2012 mainly due to self-regulated disconnection of suspected high paid customers pursuant to regulator directives and lower usage as a result of political instability throughout 2013 further impacted by lower price per minute of use.

In 2013, our mobile MOU in Bangladesh decreased by 14.7% to 184 from 216 in 2012 mainly due to disconnection of suspected high usage customers pursuant to regulator directives and lower usage as a result of political instability throughout 2013.

In 2013, our mobile churn rate in Bangladesh decreased to 22.3% compared to 25.2% in 2012 mainly due to our efforts in customer retention and high disconnections of suspected VoIP users in 2012.

Ukraine

Results of operations in US\$

	Year ended December 31,		
	2014	2013	2012
	(In millions of US dollars)		
Service revenue	1,059	1,587	1,645
Sale of equipment and accessories	1	22	29
Other revenue	1	1	2
Total operating revenue	1,062	1,610	1,676
Operating expenses			
Service costs	180	287	293
Cost of equipment and accessories	4	27	33
Selling, general and administrative expenses	394	516	491
Adjusted EBITDA	484	781	859

Results of operations in UAH

	Year ended December 31,		
	2014	2013	2012
	(In millions of UAH)		
Service revenue	12,206	12,681	13,147
Sale of equipment and accessories	7	178	235
Other revenue	18	12	13
Total operating revenue	12,231	12,871	13,395
Operating expenses			
Service costs	2,075	2,295	2,341
Cost of equipment and accessories	41	214	267
Selling, general and administrative expenses	4,589	4,123	3,975
Adjusted EBITDA	5,526	6,239	6,811

Certain Performance Indicators

	Year ended December 31,		
	2014	2013	2012
Mobile*			
Customers (end of the period in millions)	26.2	25.8	25.1
ARPU in USD	3.1	4.7	5.2
ARPU in UAH	35.6	37.5	41.3
MOU	508	501	513
Annual churn as a percentage	24.9	35.3	29.8
Fixed-line			
Broadband customers (end of the period in millions)	0.8	0.8	0.6

* The customer numbers for 2012 have been adjusted to align with the group definition. MOU, ARPU and Annual Churn have been adjusted accordingly.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Our Ukraine total operating revenue decreased by 34.1% to US\$1,062 million during 2014 from US\$1,610 million during 2013, due to economic downturn weighed down by discontinued operations in Crimea,

conflict in Eastern Ukraine and heavy currency devaluation and ARPU erosion with customers optimizing their spend due to the economic crisis. In functional currency terms, our Ukraine total operating revenue in 2014 was 5% lower compared to 2013.

During 2014, our revenue from mobile services in our Ukraine segment decreased by 34.0% to US\$972 million from US\$1,472 million during 2013, primarily due to the Ukrainian hryvnia devaluation, Crimea customers inactivation and the disrupted tourist season.

During 2014, we generated US\$539 million of our service revenue from airtime charges from mobile postpaid and prepaid customers, including monthly contract fees and roaming fees, and roaming fees received from other mobile services operators for providing roaming services to their customers, or 55.5% of the total mobile operating revenue in our Ukraine segment, compared to US\$869 million, or 59.0% of the total mobile operating revenue in 2013. The 37.9% decrease was primarily due to currency devaluation, growth of second SIM penetration with low ARPU and decrease of roaming as result of inflation, and the harsh economic situation.

During 2014, we generated US\$211 million of our service revenue from value added services including data revenue, or 21.7% of the total mobile operating revenue in our Ukraine segment, compared to US\$316 million, or 21.4% of the total mobile operating revenue, in 2013. The 33.3% decrease in our service revenue was primarily due to currency devaluation.

During 2014, we generated US\$218 million of our service revenue from interconnect, or 22.4% of the total mobile operating revenue in our Ukraine segment, compared to US\$261 million, or 17.7% of the total mobile operating revenue, in 2013. The 16% decrease was primarily due to the impact of the Ukrainian hryvnia devaluation as well as traffic decline from national and international operators.

During 2014, we generated US\$2 million of other service revenue, or 0.2% of the total mobile operating revenue in our Ukraine segment, compared to US\$3 million generated in 2013, or 0.2% of the total mobile operating revenue, in 2013.

Our Ukraine total mobile operating revenue also included revenue from sales of equipment and accessories and other revenue. During 2014, revenue from sales of equipment and accessories and other revenue decreased to US\$2 million, or 0.2% of the total mobile operating revenue in our Ukraine segment, from US\$24 million, or 1.6% of the total mobile operating revenue in our Ukraine segment, in 2013. The decrease was due to a reduction in low margin handset sales in 2014.

Our revenue from fixed-line services in Ukraine decreased by 35.2% to US\$89 million in 2014 from US\$138 million in 2013, primarily due to the impact of the Ukrainian hryvnia devaluation. Our revenue from fixed-line services in 2014 consisted of US\$34 million generated from business operations, US\$16 million generated from wholesale operations and US\$39 million generated from residential and FTTB operations. Revenue from business operations decreased by 31.7% from US\$50 million, revenue from residential and FTTB operations decreased by 24.1% from US\$52 million in 2013, and revenue from wholesale operations decreased by 55.9% from US\$36 million in 2013. Wholesale revenue decreased primarily due to planned reduction in low margin transit activity and the impact of the currency devaluation. Revenue from residential and FTTB decreased due to the Ukrainian hryvnia devaluation.

Our Ukraine adjusted EBITDA decreased by 38.0% to US\$484 million during 2014 from US\$781 million during 2013. In functional currency terms, adjusted EBITDA margin in our Ukraine segment in 2014 was 45.2%, which is 3.3percentage points lower than in 2013 primarily due to lower mobile service revenue, network and IT and other general and administrative cost due to double increase in frequency fee, currency devaluation and inflation, partially compensated by decreased service costs and sales and marketing costs.

As of December 31, 2014, we had approximately 26.2 million mobile customers in Ukraine, in comparison with approximately 25.8 million mobile customers as of December 31, 2013. The increase of our customer base by 1.8% was mainly due to attractive retail offers and churn reduction campaigns in late 2014 and extra gross adds in the East partially offset by disconnections of customers in Crimea due to the shut down of the network.

In 2014, our mobile ARPU in Ukraine decreased by 34.3% to US\$3.1 from US\$4.7 in 2013 primarily due to a continued shift in customer base whereby the proportion of high-value and mid-value customers decreased from 2013, as well as an accelerated multi SIM adoption in the East.

In 2014, our mobile MOU in Ukraine increased by 1.4% to 508 from 501 in 2013, mainly due to higher usage within bundle offers.

Our mobile churn rate in Ukraine in 2014 decreased to 24.9% compared to 35.3% in 2013 as a result of successful Customer Relationship Management (“CRM”) program implementation that offset the negative effect of extra churn of inactive customers in Crimea.

As of December 31, 2014, we had approximately 0.8 million fixed-line broadband customers in Ukraine, compared to approximately 0.8 million as of December 31, 2013. The increase of 6.8% was due to our sales efforts towards promotion of broadband Internet.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Our Ukraine total operating revenue decreased by 3.9% to US\$1,610 million during 2013 from US\$1,676 million during 2012, due to a decline in mobile revenue.

During 2013, our revenue from mobile services in our Ukraine segment decreased by 5.1% to US\$1,472 million from US\$1,551 million during 2012, primarily due to a decrease in both revenue from sales of equipment and voice revenue mobile.

During 2013, we generated US\$869 million of our service revenue from airtime charges from mobile postpaid and prepaid customers, including monthly contract fees and roaming fees, and roaming fees received from other mobile services operators for providing roaming services to their customers, or 59.0% of the total mobile operating revenue in our Ukraine segment, compared to US\$940 million, or 60.6% of the total mobile operating revenue, in 2012. The 7.5% decrease was primarily due to the high level of reconnections of high value existing customers to retail offers in early 2013.

During 2013, we generated US\$316 million of our service revenue from value added services including data revenue, or 21.4% of the total mobile operating revenue in our Ukraine segment, compared to US\$285 million, or 18.4% of the total mobile operating revenue, in 2012. The 10.7% increase in our value added service revenue was primarily due to an increase in the number of mobile customers and overall growth in the use of Internet and messaging services.

During 2013, we generated US\$261 million of our service revenue from interconnect, or 17.7% of the total mobile operating revenue in our Ukraine segment, compared to US\$293 million, or 18.9% of the total mobile operating revenue, in 2012. The 11% decrease was primarily due to traffic decline from other national and international operators.

During 2013, we generated US\$3 million of other service revenue, or 0.2% of the total mobile operating revenue in our Ukraine segment, which is consistent with US\$3 million generated in 2012, or 0.2% of the total mobile operating revenue in 2012.

Our Ukraine total mobile operating revenue also included revenue from sales of equipment and accessories and other revenue. During 2013, revenue from sales of equipment and accessories and other revenue decreased to

US\$24 million, or 1.6% of the total mobile operating revenue in our Ukraine segment, from US\$31 million, or 2.0% of the total mobile operating revenue in our Ukraine segment in 2012. The decrease was due to a reduction in low margin handset sales in 2013 as a result of our focus on higher margins.

Our revenue from fixed-line services in Ukraine increased by 10.7% to US\$138 million in 2013 from US\$125 million in 2012, primarily due to an increase in the residential and FTTB revenue. Our revenue from fixed-line services in 2013 consisted of US\$50 million generated from business operations, US\$36 million generated from wholesale operations and US\$52 million generated from residential and FTTB operations. Revenue from business operations increased by 4.5% from US\$48 million, revenue from residential and FTTB operations increased by 46.9% from US\$35 million in 2012, while revenue from wholesale operations decreased by 12.9% from US\$41 million in 2012. Wholesale revenue decreased primarily due to a lower volume of international traffic. Revenue from business operations increased due to an increase in the number of customers with high ARPU. Revenue from residential and FTTB increased due to growth in the FTTB customer base.

Our Ukraine adjusted EBITDA decreased by 9.2% to US\$781 million during 2013 from US\$859 million during 2012. In functional currency terms, adjusted EBITDA margin in our Ukraine segment in 2013 was 48.5%, which is 2.8 percentage points lower than in 2012 primarily due to lower mobile service revenue, partially compensated by decreased selling, general and administrative costs.

As of December 31, 2013, we had approximately 25.8 million mobile customers in Ukraine, in comparison with approximately 25.1 million mobile customers as of December 31, 2012. The increase of our customer base by 2.8% was mainly due to attractive retail offers and churn reduction campaigns in late 2013.

In 2013, our mobile ARPU in Ukraine decreased by 9.2% to US\$4.7 from US\$5.2 in 2012 primarily due to a continued shift in customer base whereby the proportion of high-value and mid-value customers decreased, mainly as a result of the introduction of bundled tariff plans in 2012.

In 2013, our mobile MOU in Ukraine decreased by 2.3% to 501 from 513 in 2012, mainly due to lower usage.

Our mobile churn rate in Ukraine in 2013 increased to 35.3% compared to 29.8% in 2012 due to increased churn driven by aggressive pricing actions in early 2013 coupled by the seasonal offer in the summer period which led to a higher churn in late 2013.

As of December 31, 2013, we had approximately 0.8 million fixed-line broadband customers in Ukraine, compared to approximately 0.6 million as of December 31, 2012. The increase of 24.3% was due to our sales efforts towards promotion of broadband Internet.

CIS

Results of operations in US\$

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>(In millions of US dollars)</u>		
Service revenue	1,865	1,935	1,736
Sale of equipment and accessories	7	9	18
Other revenue	1	2	1
Total operating revenue	1,873	1,946	1,755
Operating expenses			
Service costs	355	432	400
Cost of equipment and accessories	12	17	29
Selling, general and administrative expenses	596	640	513
Adjusted EBITDA	912	856	813

Segmentation of Total Operating Revenue

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>(In millions of US dollars)</u>		
Kazakhstan	755	839	829
Uzbekistan	718	673	464
Kyrgyzstan	178	192	161
Armenia	138	145	158
Tajikistan	142	148	108
Georgia	79	88	78
Other and eliminations ⁽¹⁾	(137)	(139)	(43)
Total	<u>1,873</u>	<u>1,946</u>	<u>1,755</u>

(1) Other and eliminations include CIS HQ related costs and eliminations within the segment.

Segmentation of Adjusted EBITDA

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>(In millions of US dollars)</u>		
Kazakhstan	349	390	394
Uzbekistan	461	347	253
Kyrgyzstan	90	97	91
Armenia	46	57	63
Tajikistan	62	74	52
Georgia	20	27	21
Other and eliminations ⁽¹⁾	(116)	(136)	(61)
Total	<u>912</u>	<u>856</u>	<u>813</u>

(1) Other and eliminations include CIS HQ related costs and eliminations within the segment.

For a presentation of certain performance indicators for each of our countries of operation, see “Item 3. Key Information—A. Selected Financial Data—Selected Operating Data.”

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Our CIS total operating revenue decreased by 3.7% to US\$1,873 during 2014 from US\$1,946 million during 2013. Our CIS total operating revenue consists of revenue from providing mobile services as well as fixed-line services.

In our CIS segment, revenue from mobile services decreased by 4.8% to US\$1,700 million during 2014 from US\$1,785 million during 2013, due to depreciation of the functional currencies in our operations, while in local currencies our CIS segment continued to deliver solid performance, supported by strong results in Kazakhstan and Uzbekistan.

During 2014, we generated US\$1,067 million of our service revenue from airtime charges in the CIS segment from mobile contract and prepaid customers, including monthly contract fees and roaming fees, and roaming fees received from other mobile service operators for providing roaming services to their customers, or 62.7% of the total mobile operating revenue in our CIS segment, compared to US\$1,148 million, or 64.3% of the total mobile operating revenue, in 2013. The 7.0% decrease during 2014 compared to 2013 was mainly due to currency devaluation in Kazakhstan, Armenia and Kyrgyzstan.

During 2014, we generated US\$224 million of our mobile service revenue from interconnect fees in our CIS segment, or 13.2% of the total mobile operating revenue in our CIS segment, compared to US\$269 million, or 15.1% of the total mobile operating revenue in our CIS segment, in 2013. The 16.3% decrease in 2014 compared to 2013 was due to currency devaluation in Kazakhstan, Armenia and Kyrgyzstan, as well as an MTR rate decrease of 15% in Kazakhstan.

During 2014, we generated US\$409 million of our mobile service revenue in our CIS segment from value added services, including data revenue, or 24.0% of the total mobile operating revenue in our CIS segment, compared to US\$356 million, or 20.0% of the total mobile operating revenue in the CIS segment, in 2013. The 14.6% increase in 2014 compared to 2013 was primarily due to significant increase of data revenue in all CIS markets through usage stimulation and data quality perception improvement that is in line with our group's mobile data growth strategy.

Our CIS total mobile operating revenue also included revenue from sales of equipment and accessories and other revenue. During 2014, revenue from sales of equipment and accessories and other revenue in our CIS segment decreased to US\$8 million from US\$11 during 2013 following the companies' value agenda to focus on data revenue development.

Our CIS total operating revenue from fixed-line services increased by 2.3% to US\$167 million in 2014 from US\$163 million in 2013. The increase was primarily due to an increase in revenue from wholesale operations in Kazakhstan. In 2014, US\$38 million of CIS fixed-line revenue was generated from our business operations, US\$52 million from wholesale operations and US\$77 million from residential and FTTB operations. Revenue from business operations, residential and FTTB operations wholesale operations decreased by 5.5% and 13.0% in comparison with 2013, respectively, while revenue from wholesale operations increased by 50.0% in comparison with 2013. Revenue from business operations decreased primarily due to a decrease in Armenia. Wholesale operations revenue increased primarily due to an increase wholesale operations revenue in Kazakhstan and Armenia. Residential and FTTB revenue decreased primarily due to a decrease in Kazakhstan and Armenia.

Our CIS adjusted EBITDA increased by 6% to US\$912 million during 2014 from US\$856 million during 2013. Our CIS adjusted EBITDA margin was 48.7% in 2014, which was 4.7 percentage points higher than in 2013 primarily due to cost reduction measures as part of our ongoing operational excellence program.

As of December 31, 2014, we had approximately 26.5 million mobile customers in our CIS segment, representing an increase of 4.3% from approximately 25.4 million mobile customers as of December 31, 2013. The increase in our customer base in the CIS was a result of stable mobile customers base growth in all CIS markets.

As of December 31, 2014, we had approximately 14.1 million broadband customers in the CIS, consisting of approximately 13.8 million mobile broadband and 0.4 million fixed-line broadband customers, compared to approximately 13.3 million mobile broadband customers and approximately 0.4 million fixed-line broadband customers as of December 31, 2013. The increase was mainly due to an increase of mobile data users in line with our strategy in Kazakhstan and Uzbekistan markets as a result of active promotion of bundles and data usage offers, and an increase of fixed-line broadband users in Kazakhstan as a result of our sales efforts in this market.

Kazakhstan

In 2014, our mobile ARPU in Kazakhstan decreased by 6.3% to US\$5.8 from US\$7.1 in 2013, primarily due to depreciation of the Kazakhstan tenge against the U.S. dollar. In functional currency term, mobile ARPU decreased by 3% due to a decline in voice revenue that was not fully compensated by Internet usage revenue following the implementation of bundled tariff plans.

In 2014, our mobile MOU in Kazakhstan increased by 6.6% to 309 from 290 in 2013, primarily due to promotion of bundled offers.

In 2014, our mobile churn rate in Kazakhstan increased to 50.5% compared to 48.6% in 2013 due to increased competition.

Uzbekistan

In 2014, our mobile ARPU in Uzbekistan increased by 6.2% to US\$5.6 from US\$5.3 in 2013, primarily due to traffic monetization activities and favorable market conditions.

In 2014, our mobile MOU in Uzbekistan increased by 10.9% to 523 from 471 in 2013 primarily due to promotion of bundle offers.

In 2014, our mobile churn rate in Uzbekistan decreased to 48.1% compared to 53.5% in 2013 due to price increasing activities of our main competitor Ucell during first half of the year and on-net promotion actions of Beeline.

Kyrgyzstan

In 2014, our mobile ARPU in Kyrgyzstan decreased by 15.7% to US\$5.5 from US\$6.6 in 2013, primarily as a result of devaluation of local currency against the U.S. dollar. In functional currency terms, mobile ARPU in Kyrgyzstan slightly increased by 0.2% in 2014 compared to 2013 due to APPM erosion as a result of the promotion of bundles.

In 2014, our mobile MOU in Kyrgyzstan increased by 10.4% to 293 from 265 in 2013 primarily due to the promotion of bundle offers focused on increasing on-net MOU.

In 2014, our mobile churn rate in Kyrgyzstan slightly increased to 65.7% compared to 65.6% in 2013 and remained high due to the high number of labor migrants.

Armenia

In 2014, our mobile ARPU in Armenia decreased by 6.7% to US\$6.6 from US\$7.1 in 2013 primarily as a result of devaluation of the Armenian dram against the U.S. dollar. In functional currency terms, mobile ARPU in Armenia decreased by 4.2% in 2014 compared to 2013 due to aggressive customers acquisition and on-net price abatement.

In 2014, our mobile MOU in Armenia increased by 10.2% to 374 from 339 in 2013, primarily due to the promotion of on-net bundles and unlimited offers.

In 2014, our mobile churn rate in Armenia decreased to 43.9% compared to 62.6% in 2013 due to our focus on high-quality customers.

Tajikistan

In 2014, our mobile ARPU in Tajikistan increased by 7.4% to US\$9.23 from US\$10.0 in 2013, primarily due to price erosion caused by a highly competitive market with decreasing prices and a declining level of international interconnect revenue in the last quarter of 2014.

In 2014, our mobile MOU in Tajikistan increased by 5.9% to 286 from 270 in 2013 primarily supported by an increased level of local on-net traffic due to continuing promotion of price plans in the first three quarters of 2014 and an increased level of local off-net traffic due to the promotion of an off-net price plan launched in August of 2014.

In 2014, our mobile churn rate in Tajikistan decreased to 77.1% compared to 77.9% in 2013 due to the lower number of labor migrants in 2014 compared to 2013.

Georgia

In 2014, our mobile ARPU in Georgia decreased by 22.4% to US\$4.9 from US\$6.3 in 2013 primarily as a result of devaluation of the local currency against the U.S. dollar. In functional currency terms, mobile ARPU in Georgia decreased by 12.7% in 2014 compared to 2013 due to an adverse market trend of reducing prices as well as the technological gap (absence of 3G technology).

In 2014, our mobile MOU in Georgia decreased by 6.5% to 228 from 244 in 2013 primarily due to the high quantity of low-usage customers seeking low cost services in accordance with the company's positioning and voice traffic partly migrated to OTT services.

In 2014, our mobile churn rate in Georgia decreased to 69.7% compared to 74.0% in 2013 due to the acquisition and the retention of high quality customers in a competitive market environment.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Our CIS total operating revenue increased by 11.0% to US\$1,946 during 2013 from US\$1,755 million during 2012. Our CIS total operating revenue consists of revenue from providing mobile services as well as fixed-line services.

In our CIS segment, revenue from mobile services increased by 10.6% to US\$1,773 million during 2013 from US\$1,603 million during 2012.

During 2013, we generated US\$1,148 million of our service revenue from airtime charges in the CIS segment from mobile contract and prepaid customers, including monthly contract fees and roaming fees, and roaming fees received from other mobile service operators for providing roaming services to their customers, or 64.3% of the total mobile operating revenue in our CIS segment, compared to US\$1,045 million, or 65.2% of the total mobile operating revenue, in 2012. The 9.9% increase during 2013 compared to 2012 was mainly due to customers base growth in the Kazakhstan and Uzbekistan markets.

During 2013, we generated US\$269 million of our mobile service revenue from interconnect fees in our CIS segment, or 15.1% of the total mobile operating revenue in our CIS segment, compared to US\$280 million, or 17.5% of the total mobile operating revenue in our CIS segment, in 2012. The 3.4% decrease in 2013 compared to 2012 was primarily due to MTR cuts of 15% in Kazakhstan, which were effective beginning in 2013.

During 2013, we generated US\$356 million of our mobile service revenue in our CIS segment from value added services, including data revenue, or 20.0% of the total mobile operating revenue in our CIS segment, compared to US\$260 million, or 16.2% of the total mobile operating revenue in the CIS segment, in 2012. The 37.1% increase in 2013 compared to 2012 was primarily due to significant increase of data revenue in all CIS markets through usage stimulation and data quality perception improvement that is in line with our group's mobile data growth strategy.

Our CIS total mobile operating revenue also included revenue from sales of equipment and accessories and other revenue. During 2013, revenue from sales of equipment and accessories and other revenue in our CIS segment decreased to US\$11 million from US\$18 million during 2012 following the companies' value agenda to focus on data revenue development.

Our CIS total operating revenue from fixed-line services increased by 7.3% to US\$163 million in 2013 from US\$152 million in 2012. The increase was primarily due to an increase in residential and FTTB revenue in Kazakhstan. In 2013, US\$40 million of CIS fixed-line revenue was generated from our business operations, US\$35 million from wholesale operations and US\$88 million from residential and FTTB operations. Revenue from business operations and wholesale operations decreased by 2.4% and 8.1% in comparison with 2012, respectively, while revenue from residential and FTTB operations increased by 20.8% in comparison with 2012. Revenue from business operations revenue decreased primarily due to a decrease in Armenia that was partly offset by an increase in Kazakhstan. Revenue from wholesale operations decreased primarily due to a decrease in traffic termination revenue in Tajikistan as a result of decreased traffic volume with Russia. Residential and FTTB revenue increased primarily as a result of FTTB development in Kazakhstan.

Our CIS adjusted EBITDA increased by 5.3% to US\$856 million during 2013 from US\$813 million during 2012. Our CIS adjusted EBITDA margin was 44.0% in 2013, which is 2.3 percentage points lower than in 2012 primarily due to write off of fixed assets to operating expenses in Uzbekistan, partially offset by cost reduction measures as part of our ongoing operational excellence program.

As of December 31, 2013, we had approximately 25.4 million mobile customers in our CIS segment, representing an increase of 5.2% from approximately 24.2 million mobile customers as of December 31, 2012. The increase in our customer base in the CIS was a result of stable mobile customers base growth in all CIS markets except for Armenia where the customer base decreased due to growing competition in the market.

As of December 31, 2013, we had approximately 13.7 million broadband customers in the CIS, consisting of approximately 13.3 million mobile broadband and 0.4 million fixed-line broadband customers, compared to approximately 12.0 million mobile broadband customers and approximately 0.3 million fixed-line broadband customers as of December 31, 2012. The increase was mainly due to an increase of mobile data users in line with our strategy in Kazakhstan and Uzbekistan markets as a result of active promotion of bundles and data usage offers and an increase of fixed-line broadband users in Kazakhstan as a result of our sales efforts in this market.

Kazakhstan

In 2013, our mobile ARPU in Kazakhstan decreased by 6.3% to US\$7.1 from US\$7.6 in 2012, primarily due to a decline in voice revenue that was not fully compensated by Internet usage revenue following the implementation of bundled tariff plans.

In 2013, our mobile MOU in Kazakhstan increased by 36.2% to 290 from 213 in 2012, primarily due to promotion of bundled offers.

In 2013, our mobile churn rate in Kazakhstan decreased to 48.6% compared to 55.8% in 2012 due to a new ARPU based commission scheme implemented for dealers which positively impacted the quality of acquired customers.

Uzbekistan

In 2013, our mobile ARPU in Uzbekistan increased by 14.5% to US\$5.3 from US\$4.6 in 2012, primarily due to our efforts in promoting offers with higher price per minute that became possible in the two-player market conditions as a result of the network closure of a competitor by the Uzbekistan authorities in 2012.

In 2013, our mobile MOU in Uzbekistan slightly decreased by 0.5% to 471 from 474 in 2012 primarily due to continued transition of customers to data services.

In 2013, our mobile churn rate in Uzbekistan decreased to 53.5% compared to 55.1% in 2012 as a result of our efforts directed towards retaining and attracting more loyal customers.

Kyrgyzstan

In 2013, our mobile ARPU in Kyrgyzstan increased by 18.7% to US\$6.6 from US\$5.5 in 2012, primarily due to an increased level of international interconnect revenue as a result of incoming traffic, mobile termination rates growth and our efforts in promoting mobile data services.

In 2013, our mobile MOU in Kyrgyzstan decreased by 2.3% to 265 from 272 in 2012 primarily due to the continuous increase in our prices following the market trend.

In 2013, our mobile churn rate in Kyrgyzstan marginally decreased to 65.6% compared to 66.1% in 2012 due to churn prevention measures such as loyalty programs.

Armenia

In 2013, our mobile ARPU in Armenia increased by 4.1% to US\$7.1 from US\$6.8 in 2012, primarily as a result of the appreciation of the Armenian dram against the U.S. dollar. In functional currency terms, mobile ARPU in Armenia increased by 1.5% in 2013 compared to 2012 which reflected our efforts in promoting the right mix of on-net and off-net oriented price plans and data stimulating offers.

In 2013, our mobile MOU in Armenia increased by 26.1% to 339 from 269 in 2012, primarily due to the promotion of on-net and off-net oriented price plans with higher usage.

In 2013, our mobile churn rate in Armenia decreased to 62.6% compared to 83.9% in 2012 due to improved sales efforts directed toward higher quality customers and targeted marketing campaigns.

Tajikistan

In 2013, our mobile ARPU in Tajikistan increased by 16.6% to US\$10.0 from US\$8.6 in 2012, primarily due to the increased level of international interconnect revenue and increase in mobile data revenue.

In 2013, our mobile MOU in Tajikistan increased by 12.2% to 270 from 241 in 2012 primarily due to the increased level of international incoming traffic from Russia, continuing promotion of bundled price plans and launching of on-net oriented offers in 2013.

In 2013, our mobile churn rate in Tajikistan increased to 77.9% compared to 72.7% in 2012 due to the increased competition and a higher proportion of lower-ARPU customers with a high churn rate.

Georgia

In 2013, our mobile ARPU in Georgia decreased by 5.1% to US\$6.3 from US\$6.7 in 2012, primarily due to a decrease in prices as a result of competition.

In 2013, our mobile MOU in Georgia increased by 3.0% to 244 from 237 in 2012 primarily due to the promoting higher usage tariffs.

In 2013, our mobile churn rate in Georgia decreased to 74.0% compared to 79.1% in 2012 due our efforts in customer retention.

Liquidity and Capital Resources

Consolidated Cash Flow Summary

The following table shows our cash flows for the years ended December 31, 2014, 2013 and 2012 (in millions of U.S. dollars):

	Year ended December 31,		
	2014	2013	2012
Consolidated Cash Flow			
Net cash flows from operating activities	5,279	6,351	7,257
Net cash flows used in investing activities	(3,977)	(4,213)	(4,008)
Net cash flows from/(used in) financing activities	1,329	(2,575)	(587)
Net increase/(decrease) in cash and cash equivalents	2,631	(437)	2,662
Net foreign exchange difference	(743)	(58)	(38)

During the years ended December 31, 2014, 2013 and 2012, we generated positive cash flow from our operating activities and negative cash flow from investing activities. Cash flow used in financing activities was positive during 2014 and negative during 2013 and 2012. The positive cash flow from financing activities during 2014 was mostly due to an increase in cash flows from new loans and bonds issued during 2014, partially offset by repayments of our existing facilities and dividend payments to our shareholders and non-controlling interest. The negative cash flow used in financing activities during 2013 was mostly due to payments of dividends to equity holders partially financed by conversion of preferred shares into ordinary shares. The negative cash flow used in financing activities during 2012 was mostly due to repayments of our existing debt facilities, which exceeded new borrowings.

As of December 31, 2014, we had negative working capital of US\$938 million, compared to negative working capital of US\$2,815 million as of December 31, 2013. Working capital is defined as current assets less current liabilities. The change in our working capital as of December 31, 2014 compared to December 31, 2013 was mainly due to an increase in cash and cash equivalents to finance repayment of borrowings, decrease in trade payables and provisions due to currency translation and our efforts to manage trade receivables in 2014. Our working capital is monitored on a regular basis by management. Our management expects to repay our debt as it becomes due from our operating cash flows or through additional borrowings. Current financial liability payments are split during the twelve-month period following December 31, 2014, and the majority of our current financial liabilities will become due fairly evenly during the year 2015. Our management expects to make these payments as they become due. Although we have a negative working capital, our management believes that our cash balances and available credit facilities are sufficient to meet our present requirements.

Operating Activities

During 2014, net cash flows from operating activities were US\$5,279 million, a 16.9% decrease over the US\$6,351 million of net cash flows from operating activities during 2013. The decrease in net cash flows from operating activities was primarily due to lower cash generated by our operations impacted by local currencies devaluation partially offset lower income tax payments due to lower profits earned.

During 2013, net cash flows from operating activities were US\$6,351 million, a 12.5% decrease over the US\$7,257 million of net cash flows from operating activities during 2012. The decrease in net cash flows from operating activities was primarily due to lower adjusted EBITDA and negative trade working capital movements offset by movements in provisions as a result of a one-off charge for the Bank of Algeria claim.

Investing Activities

Our investing activities included payments related to the purchase of equipment, frequency permissions and licenses, capitalized customer acquisition costs, software and other assets as a part of the ongoing development of

our mobile networks and fixed-line business. In 2014, our total payments for purchases of property and equipment, intangible assets, software and other assets were approximately US\$4,489 million compared to US\$3,955 million during 2013. The increase was primarily due to increase in capital expenditures. In addition, we received net proceeds of US\$332 million from our deposits and other financial assets, US\$110 million as the proceeds from sale of all of our debt and equity interest in Wind Canada, net cash of US\$69 million from disposal of our subsidiaries, offset by US\$23 million of cash outflows for loans granted during 2014. See also “Acquisitions and Dispositions” below.

During 2013, our total payments for purchases of property and equipment, intangible assets, software and other assets were approximately US\$3,955 million compared to US\$3,886 million in 2012. The increase was primarily due to an increase in capital expenditures. In addition, we invested cash on deposits of US\$316 million partially offset by withdrawals during 2013, granted loans to our associates of US\$118 million and received net proceeds from disposals of our subsidiaries of US\$83 million.

Acquisitions and Dispositions

Our significant acquisitions and dispositions for the year ended December 31, 2014 are summarized below.

On September 16, 2014, we and GTH entered into and closed a sale and purchase agreement to sell all of our debt and equity interest in Wind Canada to a consortium of investors for CAD 135 million with the proceeds going to VimpelCom in repayment of part of the debt owed to VimpelCom.

On October 17, 2014, we signed and closed a sale and purchase agreement to dispose of GTH’s entire interest in Telecel Globe Limited, which held our operations in Central African Republic and Burundi for US\$65 million subject to certain post-closing adjustments.

Financing Activities

During 2014, we repaid approximately US\$15,322 million of indebtedness and raised approximately US\$16,738 million. As of December 31, 2014, the principal amounts of our external indebtedness for bank loans, bonds, equipment financing, and loans from others amounted to approximately US\$26.4 billion, compared to US\$27.5 billion as of December 31, 2013. The decrease of the principal amounts of our external indebtedness is mainly the result of currency exchange effects.

During 2013, we repaid approximately US\$5,487 million of indebtedness and raised approximately US\$5,587 million.

The following table provides a summary of our outstanding indebtedness with an outstanding principal balance exceeding US\$30.0 million as of December 31, 2014. Many of the agreements relating to this indebtedness contain various covenants, including change of control restrictions and financial covenants. In addition, certain of these agreements subject our subsidiaries to restrictions on their ability to pay dividends or repay debts to us. WIND Italy Group indebtedness is paid from cash flow generated by WIND Italy businesses, and VimpelCom Ltd. and other members of the VimpelCom Group have no obligations to make any payments on any WIND Italy Group indebtedness. For additional information on this indebtedness, please refer to the notes to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. For information relating to our financing activities and outstanding indebtedness subsequent to December 31, 2014, see “—Recent Financing Activities” below. For a description of some of the risks associated with certain of our indebtedness, please refer to the sections of this Annual Report on Form 20-F entitled “Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—Substantial leverage and debt service obligations could materially decrease our cash flow and prevent us from raising additional capital,” and “—We may not be able to raise additional capital.”

Borrower	Type of debt/lender	Interest rate	Outstanding debt (in millions)	Maturity date	Guarantor	Security
VimpelCom Holdings B.V.	Notes	6.2546%	US\$500.0	March 1, 2017	OJSC VimpelCom	None
VimpelCom Holdings B.V.	Notes	7.5043%	US\$1,500.0	March 1, 2022	OJSC VimpelCom	None
VimpelCom Holdings B.V.	Notes	9.00%	US\$213.3 (RUB 12,000.0)	February 13, 2018	OJSC VimpelCom	None
VimpelCom Holdings B.V.	Notes	5.20%	US\$600.0	February 13, 2019	OJSC VimpelCom	None
VimpelCom Holdings B.V.	Notes	5.95%	US\$1,000.0	February 13, 2023	OJSC VimpelCom	None
VimpelCom Amsterdam B.V.	Loan from China Development Bank Corp.	6 month LIBOR plus 3.30%	US\$498.3	December 21, 2020	OJSC VimpelCom	None
VimpelCom Amsterdam B.V.	Loan from HSBC Bank plc	1.72%	US\$254.1	July 31, 2022	EKN, OJSC VimpelCom	None
VimpelCom Amsterdam B.V.	Revolving Credit Facility	6 month LIBOR plus 2.95%	US\$500.0 ⁽¹⁾	April 7, 2017	None	None
VimpelCom Amsterdam B.V.	Loan from OAO “Alfa-Bank”	1 month LIBOR plus 3.25%	US\$500.0	April 17, 2017	None	None
VimpelCom Amsterdam B.V.	Loan from OAO “Alfa-Bank”	1 month LIBOR plus 3.25%	US\$500.0	May 3, 2017	None	None
OJSC 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 23, 2016	None	None
OJSC VimpelCom	Loan from VIP Finance Ireland Limited (funded by the issuance of loan participation notes by VIP Finance Ireland)	9.125%	US\$1,000.0	April 30, 2018	None	None

Borrower	Type of debt/lender	Interest rate	Outstanding debt (in millions)	Maturity date	Guarantor	Security
OJSC VimpelCom	Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	6.493%	US\$500.0	February 2, 2016	None	None
OJSC VimpelCom	Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	7.748%	US\$1,000.0	February 2, 2021	None	None
OJSC VimpelCom	RUB denominated bonds	8.85%	US\$444.4 (RUB 25,000.0)	March 8, 2022 ⁽²⁾	None	None
OJSC VimpelCom	RUB denominated bonds	8.85%	US\$177.8 (RUB 10,000.0)	March 14, 2022 ⁽³⁾	None	None
OJSC VimpelCom	Loan from VC-Invest (funded by the RUB denominated bonds by VC-Invest)	8.3%	US\$355.5 (RUB 20,000.0)	October 13, 2015	OJSC VimpelCom	None
OJSC VimpelCom	Loan from Sberbank	9.00% ⁽⁴⁾	US\$1,093.2 (RUB 61,500.0)	April 11, 2018	None	None
OJSC VimpelCom	Loan from Sberbank	8.75% ⁽⁴⁾	US\$45.5 (RUB 2,559.9)	December 16, 2015	None	None
OJSC VimpelCom	Loan from Sberbank	10.75% ⁽⁴⁾	US\$444.4 (RUB 25,000.0)	May 29, 2017	None	None
OJSC VimpelCom	Loans from HSBC Bank plc	3 month MosPRIME plus 1.05%	US\$44.0 (RUB 2,474.7)	November 30, 2017	EKN	None
OJSC VimpelCom	Loans from Unicredit Bank AG	AB SEK Rate plus 0.75%	US\$30.6	June 15, 2016	EKN	None
OJSC VimpelCom	Loan from HSBC Bank plc, Nordea Bank AB (publ)	3 month MosPRIME plus 1.00%	US\$72.9 (RUB 4,100.8)	April 30, 2019	EKN	None

Borrower	Type of debt/lender	Interest rate	Outstanding debt (in millions)	Maturity date	Guarantor	Security
WIND Telecomunicazioni S.p.A.	Senior facilities				All tranches:	All tranches:
	Deutsche Bank A.G., Credit Suisse A.G., Banca IMI S.p.A, BNP Paribas, the Royal Bank of Scotland, Citigroup, Cr�dit Agricole Corporate and Investment Bank, Goldman Sachs International, J.P. Morgan plc, Morgan Stanley Bank International Limited, Natixis, S.A. and UniCredit S.p.A. With Banca Nazionale del Lavoro S.p.A., Gruppo BNP Paribas, Cr�dit Agricole Corporate and Investment Bank, Milan Branch, and The Royal Bank of Scotland plc, Milan Branch, as Original Lenders	EURIBOR + 4.25% ⁽⁵⁾ EURIBOR + 4.50% EURIBOR + 4.75%	US\$210.7 (�174.2) US\$1,347.6 (�1,113.9) US\$597.2 (�493.6)	November 26, 2018 November 26, 2019 November 26, 2019	WIND Telecomunicazioni S.p.A.	Shares in WIND Telecomunicazioni S.p.A.
WIND Telecomunicazioni S.p.A.	Debt vs Italian Government (4G/LTE)	Rendistato+1.0%	US\$196.0 (�162.0)	October 3, 2016	None	Bank guarantees
WIND Telecomunicazioni S.p.A.	Annuity loans several lender unwound swaps	3.39%-5.53%	US\$44.9 (�37.1)	September 26, 2016	None	None
WIND Telecomunicazioni S.p.A.	Revolving Credit Facility	EURIBOR + 4.25%	US\$121.0 (�100.0)	November 26, 2018	Wind Telecomunicazioni S.p.A.	Shares in Wind Telecomunicazioni S.p.A.
WIND Telecomunicazioni S.p.A.	Terna Debt	10.05%	US\$159.2 (�131.6)	December 31, 2035	None	None
WIND Acquisition Finance S.A.	Senior Secured Notes	3 month EURIBOR plus 5.25%	US\$181.5 (�150.0)	April 30, 2019	Wind Telecomunicazioni S.p.A.	Shares in WIND Telecomunicazioni S.p.A. and Wind Acquisition Finance S.A.
WIND Acquisition Finance S.A.	Senior Secured Notes	6.50%	US\$550.0	April 30, 2020	Wind Telecomunicazioni S.p.A.	Shares in WIND Telecomunicazioni S.p.A. and Wind Acquisition Finance S.A.
WIND Acquisition Finance S.A.	Senior Notes	7.00%	US\$2,117.1 (�1,750.0)	April 23, 2021	Wind Telecomunicazioni S.p.A.	Shares in WIND Telecomunicazioni S.p.A. (2 nd priority)

Borrower	Type of debt/lender	Interest rate	Outstanding debt (in millions)	Maturity date	Guarantor	Security
WIND Acquisition Finance S.A.	Senior Notes	7.375%	US\$2,800.0	April 23, 2021	Wind Telecomunicazioni S.p.A.	Shares in WIND Telecomunicazioni S.p.A. (2 nd priority)
WIND Acquisition Finance S.A.	Senior Secured Notes	4.00%	US\$2,540.5 (€2,100.0)	July 15, 2020	Wind Telecomunicazioni S.p.A.	Shares in WIND Telecomunicazioni S.p.A. and Wind Acquisition Finance S.A.
WIND Acquisition Finance S.A.	Senior Secured Notes	4.75%	US\$1,900.0	July 15, 2020	Wind Telecomunicazioni S.p.A.	Shares in WIND Telecomunicazioni S.p.A. and Wind Acquisition Finance S.A.
WIND Acquisition Finance S.A.	Senior Secured Notes	3 month EURIBOR plus 4.00%	US\$695.6 (€575.0)	July 15, 2020	Wind Telecomunicazioni S.p.A.	Shares in WIND Telecomunicazioni S.p.A. and Wind Acquisition Finance S.A.
Pakistan Mobile Communications Limited ("PMCL")	Syndicated loan via MCB Bank Limited (Secured)	6 month KIBOR plus 1.25%	US\$59.7 (PKR6,000.0)	November 28, 2017	None	Shares in PMCL
PMCL	Syndicated loan via MCB Bank Limited (Secured)	6 month KIBOR plus 1.25%	US\$69.6 (PKR7,000.0)	May 16, 2019	None	Shares in PMCL
PMCL	Loan from Habib Bank Limited (Secured)	6 month KIBOR plus 1.15%	US\$44.8 (PKR4,500.0)	May 16, 2019	None	Shares in PMCL
PMCL	Loan from United Bank Limited (Secured)	6 month KIBOR plus 1.10%	US\$39.8 (PKR4,000.0)	May 16, 2021	None	Shares in PMCL
Banglalink Digital Communications Ltd. ("Banglalink")	Senior Notes	8.625%	US\$300.0	May 6, 2019	None	None
Banglalink	Facility Eastern Bank Limited	9.00%-10.00%	US\$32.1 (BDT2,500.0)	May 31, 2016	None	None
Banglalink	Facility Standard Chartered Bank	8.25%-8.50%	US\$44.9 (BDT3,500.0)	April 29, 2016	None	None
OTA	Loan from Hermes	3 months LIBOR + 0.9%	US\$46.6	November 14, 2014 ⁽⁶⁾	VimpelCom Amsterdam B.V.	Deposits VimpelCom Amsterdam B.V.
Other loans, equipment financing and capital lease obligations	–	–	US\$469	–	–	–

(1) This amount, plus accrued interest, was repaid on February 5, 2015.

(2) These bonds are subject to an investor put option at March 17, 2015, which option was exercised for 99% of the outstanding principal amount that all investors have exercised.

(3) These bonds are subject to an investor put option at March 23, 2015 of which the preliminary results are that all investors have exercised this option, subject to final confirmation on March 26, 2015.

(4) On March 2, 2015, Sberbank notified OJSC VimpelCom of an increase in fixed interest rates (to between 14.50% and 16.25% with effect from June 1, 2015) in accordance with the terms of the credit facility agreements between OJSC VimpelCom and Sberbank. The actual amount of any increase in interest rates is subject to discussion between the parties.

(5) Interest on the all tranches of the senior facility is based on EURIBOR for loans in Euros and LIBOR for loans in any other currency. Also interest rate margins may be reduced based on specified improvement in leverage ratios.

(6) The lenders consented to a late repayment of this facility, which occurred on January 30, 2015.

WIND Italy owed to hedging banks approximately €296.0 million for deferred repayment of the fair value of the derivatives instruments (on termination and close out) which were hedging the WIND Italy obligations that were repaid through the two financings completed in November 2010 (as set out in the table above). The obligation is payable in semi-annual installments and matures in September 2016. The amount outstanding as of December 31, 2014, was approximately €37.1 million (approximately US\$44.8 million as of December 31, 2014).

VimpelCom Amsterdam B.V. financing

On December 20, 2012, VimpelCom Amsterdam B.V. entered into a term loan facility in an amount up to US\$500.0 million with China Development Bank Corporation as lender, bearing interest at a rate of 6-month LIBOR plus a margin of 3.30%, to finance equipment purchases by subsidiaries of VimpelCom Amsterdam B.V. from Huawei Technologies Company Limited and its affiliates. On May 31, 2013, September 25, 2013, January 28, 2014, March 26, 2014, June 20, 2014, September 22, 2014 and December 18, 2014, VimpelCom Amsterdam B.V. drew down US\$41 million, US\$62 million, US\$104 million, US\$71 million, US\$65 million, US\$57 million and US\$99 million respectively under this facility. OJSC VimpelCom has guaranteed VimpelCom Amsterdam B.V.'s payment obligations under this facility.

On March 28, 2013, VimpelCom Amsterdam B.V. signed a facility agreement with HSBC Bank plc for an U.S. dollar denominated Swedish export credit facility supported by EKN, for a total principal amount of US\$500 million, of which US\$270 million was committed. The purpose of the facility is to finance equipment and services provided to the subsidiaries of VimpelCom Amsterdam B.V. by Ericsson on a reimbursement basis. The committed facility bears interest at a rate of 1.72%. On October 4, 2013, February 26, 2014 and October 9, 2014, VimpelCom Amsterdam B.V. drew down US\$87 million, US\$105 million and US\$78 million respectively under this facility. OJSC VimpelCom has guaranteed VimpelCom Amsterdam B.V.'s payment obligations under this facility.

On each of April 2, 2014 and April 18, 2014, VimpelCom Amsterdam B.V. signed a credit facility agreement with OAO "Alfa-Bank", each for a total principal amount of US\$500 million (each an "Alfa-Bank Credit Facility"). Each Alfa-Bank Credit Facility has a three-year term, bears interest at a rate of LIBOR plus 3.25% per annum (subject to adjustments in accordance with the terms of the agreement) and is guaranteed by VimpelCom Holdings B.V. On April 3, 2014 and April 23, 2014, VimpelCom Amsterdam B.V. drew down US\$500 million and US\$500 million under the respective Alfa-Bank Credit Facilities.

On April 7, 2014, VimpelCom Amsterdam B.V. signed a revolving credit facility agreement with several international banks for a total principal amount of US\$1,650 million, with an option to increase the principal amount of the facility by up to US\$150 million within 6 months after the date of signing (the "2014 RCF"), which increase was executed on October 3, 2014. The 2014 RCF has a three year tenor, bears interest at a rate of LIBOR plus 2.95% per annum (subject to adjustments in accordance with the terms of the agreement) and is guaranteed by VimpelCom Holdings B.V. On April 23, 2014, VimpelCom Amsterdam B.V. drew down US\$1,000 million under the 2014 RCF which was repaid on June 30, 2014, and on September 8, 2014, VimpelCom Amsterdam B.V. drew down US\$500 million under this facility which was repaid on February 5, 2015.

On April 16, 2014, and with effect as from April 25, 2014, VimpelCom cancelled the existing US\$225 million and €205 million (approximately US\$283 million as of April 25, 2014) revolving credit facility that VimpelCom Amsterdam B.V., as borrower, had entered into with a syndicate of lenders in 2011.

OJSC VimpelCom financing

On April 30, 2014, OJSC VimpelCom signed a loan facility agreement with CISCO Systems Finance International. The loan is a Russian ruble-denominated equipment financing facility for a total amount of RUB 1,500 million (approximately US\$42 million as of April 30, 2014). The purpose of the facility is to finance

equipment purchased by OJSC VimpelCom from CISCO on a reimbursement basis. The facility bears interest at a rate of 8.85%. The facility was drawn on May 7, 2014 and July 9, 2014 in an amount of RUB 1,312 million (approximately US\$37 million as of May 7, 2014) and RUB 188 million (approximately US\$5 million as of July 9, 2014) respectively.

On May 30, 2014, OJSC VimpelCom entered into a credit facility agreement with OJSC Sberbank for the amount of RUB 25,000 million (approximately US\$722 million as of May 30, 2014). The facility currently bears interest at a rate of 10.75% (subject to adjustments in accordance with the terms of the agreement). On September 29, 2014, October 13, 2014 and November 10, 2014, OJSC VimpelCom drew down RUB 2,500 million (approximately US\$65 million as of September 29, 2014), RUB 10,000 million (approximately US\$249 million as of October 13, 2014) and RUB 12,500 million (approximately US\$261 million as of November 10, 2014), respectively. On March 2, 2015, Sberbank informed OJSC VimpelCom of an increase in the rate of interest for this facility with effect from June 1, 2015. For more information, see “—Recent Financing Activities—OJSC VimpelCom.”

On May 30, 2014, OJSC VimpelCom entered into a revolving credit facility with OJSC Sberbank for the amount of RUB 15,000 million (approximately US\$433 million as of May 30, 2014). The facility currently bears interest at a rate of MosPrime plus 2.1% (subject to adjustments in accordance with the terms of the agreement). On July 2, 2014, OJSC VimpelCom drew down an amount of RUB 8,000 million (approximately US\$234 million as of July 2, 2014) under this facility, which was repaid on September 29, 2014. The revolving credit facility with OJSC Sberbank that OJSC Vimpelcom had previously entered into on December 1, 2011 was terminated on June 23, 2014.

WAF Bonds

On April 23, 2014, Wind Acquisition Finance S.A., or “WAF,” issued €1,750 million (approximately US\$2,418 million as of April 23, 2014) 7.00% Euro denominated Senior Notes due 2021 and US\$2,800 million 7.375% U.S. dollar denominated Senior Notes due 2021 (together, the “2021 Notes”). The 2021 Notes are guaranteed by its parent Wind Telecomunicazioni S.p.A. The US\$2,800 million U.S. dollar denominated tranche of the Senior Notes are hedged with cross currency interest rate swaps to EUR for an amount of €2,030 million (approximately US\$2,805 million as of April 23, 2014). The maturity date of the 2021 Notes and the related cross currency interest rate swaps is April 23, 2021. Pursuant to the cross currency interest rate swaps, WAF receives a fixed USD rate of 7.375% and pays a fixed EUR rate equal to an average 6.4364% on €1,450 million (approximately US\$2,004 million as of April 23, 2014) principal amount and a floating EUR rate equal to 6 months Euribor plus on average 5.0688% on €580 million (approximately US\$801 million as of April 23, 2014) principal amount.

Pursuant to an Offer to Purchase by WAF of all amounts outstanding under its 11.75% Senior Notes due 2017 using a portion of the proceeds of its offering of 2021 Notes, of the €1,250 million (approximately US\$1,727 million as of April 23, 2014) and US\$2,000 million outstanding, notes for amounts of €1,084 million (approximately US\$1,498 million as of April 23, 2014) and US\$1,890 million were tendered and settled on April 23, 2014 and notes for amounts of €0.6 million (approximately US\$1 million as of May 9, 2014) and US\$3.2 million were tendered and settled on May 9, 2014. The remaining outstanding notes were called as per July 15, 2014. On April 23, 2014, funds have been placed in escrow accounts to fulfil those payments. The cross currency interest rate swaps related to the US\$2,000 million 11.75% Senior Notes due 2017 have been restructured to become part of the aforementioned cross currency interest rate swaps related to the 2021 Notes.

Pursuant to an Offer to Purchase by Wind Acquisition Holdings Finance S.A. of all amounts outstanding under its 12.25% Senior Notes due 2017 using (indirectly) a portion of the proceeds of the offering of 2021 Notes by WAF, as well as a €500 million (approximately US\$691 million as of April 17, 2014) indirect cash injection from VimpelCom, which was settled on April 17, 2014, of the €528 million (approximately US\$730 million as of April 23, 2014) and US\$1,015 million outstanding, notes for amounts of €468 million (approximately US\$647

million as of April 23, 2014) and US\$976 million were tendered and settled on April 23, 2014 and notes for amounts of €0.75 million (approximately US\$1 million as of May 9, 2014) and US\$0.015 million were tendered and settled on May 9, 2014. The remaining outstanding notes were called as per July 15, 2014. On April 23, 2014, funds have been placed in escrow accounts to fulfil those payments.

On July 10, 2014, WAF issued €2,100 million (approximately US\$2,858 million as of July 10, 2014) 4.00% Euro denominated Senior Secured Notes due 2020, €575 million (approximately US\$783 million as of July 10, 2014) 6 month Euribor + 4.00% Euro denominated Senior Secured Notes due 2020 and US\$1,900 4.75% U.S. dollar denominated Senior Notes due 2020 (together, the “2020 Notes”). The 2020 Notes are guaranteed by Wind Telecomunicazioni S.p.A. The US\$1,900 U.S. dollar denominated Senior Notes are hedged with cross currency interest rate swaps to EUR for an amount of €1,413 million (approximately US\$1,923 million as of July 10, 2014). The maturity date of the 2020 Notes and the related cross currency interest rate swaps is 15 July 2020. Pursuant to these cross currency interest rate swaps, WAF receives a fixed USD rate of 4.75% and pays a fixed EUR rate equal to on average 4.3474% on €984 million (approximately US\$1,339 million as of July 10, 2014) principal amount and a floating EUR rate equal to 6 months Euribor plus 4.00% on €429 million (approximately US\$584 million as of July 10, 2014) principal amount.

WAF issued an Offer to Purchase all amounts outstanding under its €1,950 million (approximately US\$2,654 million as of July 10, 2014) 7.375% Euro Senior Secured Notes due 2018 and under its US\$1,700 million 7.25% U.S. dollar Senior Secured Notes due 2018 using a portion of the proceeds of its offering of 2020 Notes. Of the outstanding amounts of €1,950 million (approximately US\$2,654 million as of July 10, 2014) and US\$1,700 million, notes for amounts of €1,645 (approximately US\$2,238 million as of July 10, 2014) million and US\$1,449 were tendered and settled on July 10, 2014. The remaining outstanding notes were called and settled on July 25, 2014. On July 10, 2014, funds have been placed in escrow accounts to fulfil those payments. Further proceeds have been used to repay portions of the Senior Facility Agreement on July 10, 2014 for €573 million (approximately US\$780 million as of July 10, 2014). The cross currency interest rate swaps related to the US\$1,700 million 7.25% Senior Notes due 2018 have been restructured to become part of the aforementioned cross currency interest rate swaps related to the 2020 Notes.

WIND Senior Facility Agreement consent

Related to the aforementioned refinancing transaction, Wind Telecomunicazioni S.p.A. on March 19, 2014 requested, and on April 3, 2014 was granted, consent from the lenders in the Senior Facility Agreement (“SFA”) to enable, among other matters, a re-leveraging of Wind Telecomunicazioni S.p.A. and upstream loan to its parent Wind Acquisition Holdings Finance S.p.A., the adjustment of financial covenant ratios, an extension of the tenors of the term loan and revolving credit facilities, settlement of an outstanding intercompany loan with Wind Telecom S.p.A., and modification of the change of control definition, in exchange for a consent fee and an increase of the interest margin by 0.25%.

Banglalink Notes

On May 6, 2014, our Bangladesh subsidiary Banglalink issued US\$300 million 8.625% senior notes due 2019 (the “BDC Notes”). The BDC Notes were issued at a re-offer price of 99.008%, with a re-offer yield to maturity of 8.875% and a term of five years. Interest is payable semi-annually.

In May 2014, Banglalink repaid all amounts outstanding under its December 17, 2013 bridge facility from Standard Chartered Bank.

Also, in May and June 2014, Banglalink repaid 13.5% senior BDT notes and three other smaller facilities in an aggregate principal amount of US\$43 million, each of which had been subject to a common terms agreement dated June 13, 2007, as amended, and related intercreditor and security agreements.

PMCL Facilities

On May 16, 2014, Pakistan Mobile Communications Ltd. (“PMCL”) drew under several facilities for an amount of PKR 22,000 million (approximately US\$223 million as of May 16, 2014). The interest rate varies from 3 month or 6 month KIBOR plus 1.00%-1.25% and the loans will mature in May 2021.

VimpelCom Holdings B.V. Facility

On November 19, 2014, VimpelCom Holdings B.V. entered into an US\$1,000 million term loan facility agreement with China Development Bank Corporation and Bank of China Limited as lenders, bearing interest at a rate of LIBOR plus a margin of 3.06%, to finance equipment purchases by subsidiaries of VimpelCom Ltd. from Huawei Technologies Co. Ltd, its subsidiaries and its affiliates. VimpelCom Amsterdam B.V. has guaranteed the payment obligations under this facility. The facility is available for a period of three years and has a total tenor of eight years.

Omnium Telecom Algeria SpA Facility

On December 16, 2014, OTA signed a term loan facility agreement with several Algerian and international banks for a total principal amount of DZD 50,000 million (approximately US\$583 million as of December 16, 2014). The maturity date of the facility is September 30, 2019. It bears interest at the Bank of Algeria Re-Discount Rate plus 2.0% per annum (subject to adjustments in accordance with the terms of the agreement) and is unguaranteed. On January 28, 2015, the facility was fully drawn.

Optimum Telecom Algérie SpA Facility

On December 16, 2014, Optimum signed a term loan facility agreement with several Algerian and international banks for a total principal amount of DZD 32,000 million (approximately US\$373 million as of December 16, 2014). The maturity date of the facility is September 30, 2019 and bears interest at a rate of Bank of Algeria Re-Discount Rate plus 1.5% per annum (subject to adjustments in accordance with the terms of the agreement) and is unguaranteed. The facility is not yet drawn.

We may from time to time seek to purchase our outstanding debt through cash purchases and/or exchanges for new debt securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Recent Financing Activities

VimpelCom Amsterdam B.V. cash tender offer for OJSC VimpelCom and VimpelCom Holdings B.V. U.S. dollar notes

On March 2, 2015, VimpelCom Amsterdam B.V. announced that it commenced a cash tender offer for up to US\$2,100 million aggregate principal amount of the outstanding U.S. dollar notes issued by VimpelCom Holdings B.V. and loan participation notes issued by VIP Finance Ireland and UBS (Luxembourg) S.A. for the sole purpose of funding loans to OJSC Vimpelcom. The total outstanding amount of these bonds is US\$6,700 million. The tender offer expires on March 30, 2015 and settlement is expected to take place on April 2, 2015.

The Early Tender period expired on March 13, 2015, and at that date, bonds were validly tendered and will be accepted for the following amounts:

<u>Borrower</u>	<u>Interest rate</u>	<u>Outstanding principal amount (in millions)</u>	<u>Maturity date</u>	<u>Principal amount validly tendered (in millions)</u>	<u>Total consideration⁽¹⁾</u>	<u>Tender amount (in millions)</u>
OJSC VimpelCom	6.493%	US\$500	February 2, 2016	US\$235	US\$1,028.75	US\$242
OJSC VimpelCom	8.25%	US\$600	May 23, 2016	US\$334	US\$1,047.50	US\$350
OJSC VimpelCom	9.125%	US\$1,000	April 30, 2018	US\$499	US\$1,050.00	US\$524
OJSC VimpelCom	7.748%	US\$1,000	February 2, 2021	US\$349	US\$960.00	US\$335
VimpelCom Holdings B.V.	6.2546%	US\$500	March 1, 2017	US\$151	US\$997.50	US\$151
VimpelCom Holdings B.V.	7.5043%	US\$1,500	March 1, 2022	US\$191	US\$937.50	US\$179
VimpelCom Holdings B.V.	5.20%	US\$600	February 13, 2019	US\$29	US\$907.50	US\$26
VimpelCom Holdings B.V.	5.95%	US\$1,000	February 13, 2023	US\$17	US\$837.50	US\$14
Total		US\$6,700		US\$1,805		US\$1,821

(1) Per US\$1,000 principal amount of Notes validly tendered at or prior to the Early Tender Time and accepted for purchase. Does not include accrued interest, which will be paid on Notes accepted for purchase.

OJSC VimpelCom

On March 2, 2015, Sberbank informed OJSC VimpelCom of an increase in fixed interest rates (from between 9.00% and 10.75% to between 14.50% and 16.25% with effect from June 1, 2015) in accordance with the terms of the credit facility agreements between OJSC VimpelCom and Sberbank. The increase in interest rates would apply to three loans from Sberbank with a total principal amount outstanding of RUB 89,060 million (approximately US\$1,454 million as of March 2, 2015). The actual amount of any increase in interest rates is subject to discussion between the parties.

On March 5, 2015, OJSC VimpelCom announced a new coupon rate (annual interest of 10.00%) on its RUB bonds for RUB 25,000 million (approximately US\$404 million as of March 5, 2015) maturing on March 8, 2022 (subject to an investor put option at March 17, 2015, which option was exercised for 99% of the outstanding principal amount) and for RUB 10,000 million (approximately US\$162 million as of March 5, 2015) maturing on March 14, 2022 (subject to an investor put option at March 23, 2015 of which the preliminary results are that all investors have exercised this option, subject to final confirmation on March 26, 2015). The new coupon rate of 10.00% is applicable to next four coupon periods (next two years).

WIND refinancing

On March 12, 2015, WIND Telecomunicazioni S.p.A. and Wind Acquisition Finance S.A. announced the refinancing transaction of the existing Senior Facility Agreement (“SFA”) with an outstanding principal amount of €1,782 million (approximately US\$1,895 million as of March 12, 2015) and the existing Revolving Credit Facility of €600 million (approximately US\$638 million as of March 12, 2015), under which €200 million

(approximately US\$213 million as of March 12, 2015) was drawn as of that date. The settlement will take place on March 30, 2015. The existing SFA will be partially prepaid by applying €500 million (approximately US\$532 million as of March 12, 2015) of the proceeds from the sale of a 90% stake in its tower subsidiary Galata to Abertis Telecom for €693 million (approximately US\$737 million as of March 12, 2015). Furthermore, €775 million (approximately US\$824 million as of March 12, 2015) Senior Secured Notes will be issued by Wind Acquisition Finance S.A. and €700 million (approximately US\$744 million as of March 12, 2015) will be borrowed under a term loan as part of the new amended and restated SFA.

The new Senior Secured Notes to be issued by Wind Acquisition Finance S.A. are €375 million (approximately US\$399 million as of March 12, 2015) 4.00% Euro denominated Senior Secured Notes due 2020, issued at a price of 101.25% and €400 million (approximately US\$425 million as of March 12, 2015) 3 month Euribor + 4.125% Euro denominated Senior Secured Notes due 2020 (together, the “2020 Notes”). The 2020 Notes are guaranteed by Wind Telecomunicazioni S.p.A. The maturity date of the 2020 Notes is July 15, 2020.

The term loan under the amended and restated SFA bears interest at a rate of EURIBOR + 4.25% and the maturity date is November 26, 2019. In addition, a new Revolving Credit Facility (“RCF”) is agreed with a group of banks under the amended and restated SFA for a total amount of €400 million (approximately US\$425 million as of March 12, 2015). Any future drawdowns under this RCF will bear interest at a rate of EURIBOR + 4.25% and the maturity date is November 26, 2019. The amended and restated SFA will no longer have maintenance-based financial covenants. In the event that more than 35% of the RCF commitments are drawn, the Total Net Debt/EBITDA ratio at the quarterly testing period must be below 7.25x based on the consolidated numbers for WIND Telecomunicazioni S.p.A.

Cash subject to currency restrictions

As of December 31, 2014, the cash balances in Algeria of US\$2,732 million, Uzbekistan of US\$532 million and Ukraine of US\$116 million were restricted from repatriation due to local government or central bank regulations. As part of the closing of the transaction and settlement with the Algerian Government on January 30, 2015, the foreign exchange and import restrictions put in place by the Bank of Algeria against OTA on April 15, 2010 were lifted. For more information, please see the section of this Annual Report on Form 20-F entitled “Item 5—Recent Trends and Developments—Algeria Transaction and Settlement” and note 5, 6, 26 and 27 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Earnings subject to indefinite investment

During 2014, we recorded a deferred tax liability of US\$598 million relating to the tax effect of our undistributed profits that will be distributed in the foreseeable future, primarily in relation to our Russian and Algerian operations. The undistributed earnings of our foreign subsidiaries (outside the Netherlands) which are indefinitely invested and that will not be distributed in the foreseeable future, amounted to approximately US\$6,563 million as of December 31, 2014. For more information, please see Note 13 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Future Liquidity and Capital Requirements

Telecommunications service providers require significant amounts of capital to construct networks and attract customers. In the foreseeable future, our further expansion will require significant investment activity, including the purchase of equipment and possibly the acquisition of other companies.

Our capital expenditures include purchases of new licenses, equipment, new construction, upgrades, software, other long lived assets and related reasonable costs incurred prior to intended use of the noncurrent assets, accounted at the earliest event of advance payment or delivery. Long-lived assets acquired in business combinations are not included in capital expenditures. During 2014, our capital expenditures were approximately

US\$4,256 million compared to approximately US\$4,306 million during 2013 and approximately US\$4,284 million during 2012. The decrease in capital expenditures in 2014 compared to 2013 was due to a decrease in investments in Russia, Italy and the CIS due to slow down in 4G/LTE network roll out, offset by the further roll out of the mobile networks in Algeria, Bangladesh and Pakistan and acquisition of our 3G license in Pakistan.

The increase in capital expenditures in 2013 compared to 2012 was mainly due to our investments in future growth, e.g. the further roll out of the mobile networks in Russia, Bangladesh, Pakistan and the CIS and acquisition of 3G licenses in Bangladesh and Algeria.

Our management expects our total capital expenditures (excluding acquisitions and payments for licenses) in 2015 to be approximately 20% of our 2015 consolidated total operating revenue. We expect that our capital expenditures in 2015 will mainly consist of the maintenance of our existing networks as well as the increase of capacity due to data traffic growth and 3G and 4G/LTE roll outs. In the years ended December 31, 2014, 2013 and 2012, our capital expenditures were 21.7%, 19.1% and 17.9% of our consolidated total operating revenue, respectively. The actual amount of our capital expenditures (excluding acquisitions) for 2015 will depend on market development and our performance.

Our management anticipates 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 we currently hold;
- 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 international and local capital markets.

Our management believes that funds from a number of these sources will be sufficient to meet our projected capital requirements for the next twelve months. As of the date of this Annual Report on Form 20-F, we had US\$4,104 million available to us under existing credit lines.

Our management expects positive cash flows from operations will continue to provide us with internal sources of funds. 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, the financial position of international and local banks, the willingness of international banks to lend to our companies and the liquidity of international and local capital markets. The actual amount of debt financing that we will need to raise will be influenced by our financing needs, the actual pace of traffic growth over the period, network construction, our acquisition plans and our ability to continue revenue growth and stabilize ARPU. For related risks, see “Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—Substantial leverage and debt service obligations could materially decrease our cash flow and prevent us from raising additional capital,” and “—We may not be able to raise additional capital.”

Contractual Obligations

As of December 31, 2014, we had the following contractual obligations, including long-term debt arrangements, equipment financing, capital leases, and commitments for future payments under non-cancellable lease arrangements and purchase obligations. We expect to meet our payment requirements under these obligations with cash flows from our operations and other financing arrangements. For information relating to our outstanding indebtedness subsequent to December 31, 2014, see “—Financing Activities” above.

	Payments due by period (in millions of U.S. dollars)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations⁽¹⁾					
Bank loans and bonds ⁽²⁾	32,650	3,947	6,355	6,835	15,513
Equipment financing ⁽²⁾	1,135	290	386	275	184
Loans from others ⁽²⁾	652	149	156	34	313
Non-cancellable lease obligations	774	209	223	142	200
Purchase obligations ⁽³⁾	691	691	—	—	—
Other long-term liabilities	1	1	—	—	—
Total	35,903	5,287	7,120	7,286	16,210

(1) Debt payments could be accelerated upon violation of debt covenants.

(2) Obligations for bank loans and bonds, equipment financing and loans from others represent anticipated future cash flows, including interest. For further information on interest rates on our long-term debt, see “—Financing Activities” above. Loans from UBS (Luxembourg) S.A. and VIP Finance Ireland Ltd. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A. and VIP Finance Ireland Ltd., respectively) are included under long-term debt.

(3) Purchase obligations primarily include our material contractual legal obligations for the future purchase of equipment and intangible assets. On October 4, 2013, OJSC VimpelCom and Apple signed an agreement to purchase iPhones. Under the agreement, a specified number of iPhones handsets are to be ordered by OJSC VimpelCom each quarter between October 4, 2013 and June 30, 2016 according to a schedule (the “Schedule”). If VimpelCom does not comply with the Schedule and certain other terms of the Agreement, then according to the Agreement VimpelCom could become liable for the shortfall in orders of iPhone handsets. Our purchase obligations do not include our obligation to purchase iPhones under our agreement with Apple as we are unable to estimate the amount of such obligation.

Other than the debt obligations described above under “—Financing Activities,” we have not had any material changes outside the ordinary course of our business in the specified contractual obligations.

Certain Factors Affecting Our Financial Position and Results of Operations

Our financial position and results of operations for the three years ended December 31, 2014 as reflected in our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F have been influenced by the following additional factors:

Inflation

Russia has experienced periods of high levels of inflation since the early 1990s. Please also see “Item 3—Key Information—D. Risk Factors—Risks Related to Our Markets—Sustained periods of high inflation may materially harm our business.” Inflation affects the purchasing power of our mass market customers, as well as corporate clients. For the years ended December 31, 2014, 2013 and 2012, Russia’s inflation rates were 11.4%, 6.5% and 6.6% respectively, as provided by the Russian Federal State Statistics Service. For Italy, inflation was -0.1%, 0.6% and 2.4% for the years ended December 31, 2014, 2013 and 2012 respectively, as provided by the Italian National Institute for Statistics. For the years ended December 31, 2014 (except otherwise stated), 2013 and 2012, inflation rates in Ukraine were 24.9%, 0.5% and -0.2% respectively, as provided by the State Statistics Committee of Ukraine, in Kazakhstan 7.4%, 4.8% and 6.0% respectively, as provided by the Agency of Statistics of the Republic of Kazakhstan, in Uzbekistan 11.0%, 10.2% and 10.4% respectively, as provided by the

International Monetary Fund, in Armenia 4.6%, 5.6% and 3.2% respectively, as provided by the National Statistical Service of the Republic of Armenia, in Tajikistan were 8.4%, 3.7% and 6.4% respectively, as provided by the International Monetary Fund, in Georgia were 2.0%, 2.4% and -1.4% respectively, as provided by the Ministry of Economic Development of the Republic of Georgia, in Kyrgyzstan 7.4% (September 30, 2014), 4.0% and 7.5% respectively, as provided by the International Monetary Fund, in Algeria were 5.3%, 1.2% and 9.1% respectively, as provided by the Central Bank of Algeria, in Pakistan were 4.3%, 9.2% and 7.9% respectively, as provided by the Pakistan Bureau of Statistics, in Bangladesh were 6.1%, 7.4% and 7.1% respectively, as provided by the Central Bank of Bangladesh, and in Laos were 3.1% (September 30, 2014), 6.6% and 4.7% respectively, as provided by the International Monetary Fund.

Foreign Currency Translation

Our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F are presented in U.S. dollars. Amounts included in these financial statements were presented in accordance with IAS21, The Effects of Changes in Foreign Exchange Rates, using the current rate method of currency translation with the U.S. dollar as the reporting currency. The current rate method assumes that assets and liabilities measured in the functional currency are translated into U.S. dollars at exchange rates prevailing on the balance sheet date; whereas revenue, expenses, gains and losses are translated into U.S. dollars at historical exchange rates prevailing on the transaction dates. We translate income statement amounts using the average exchange rates for the period. Translation adjustments resulting from the process of translating financial statements into U.S. dollars are reported in accumulated other comprehensive income, a separate component of equity.

Russia

The national currency of Russia is the Russian ruble. We have determined that the functional currency for Russia is the Russian ruble. As of December 31, 2014, 2013 and 2012, the official Central Bank of Russia Russian ruble-U.S. dollar exchange rates were 56.26, 32.73 and 30.37 Russian rubles per U.S. dollar, respectively. During 2014, the average Russian ruble-U.S. dollar exchange rate was 20.6% higher than the average Russian ruble-U.S. dollar exchange rate during 2013. The increase of the average Russian ruble-U.S. dollar exchange rate during 2014 compared to 2013 is limited by the fact that the large part of the Russian ruble depreciation against the U.S. dollar occurred in the fourth quarter of 2014, during which period the Russian ruble depreciated 42.8% against the U.S. dollar. During 2013, the average Russian ruble-U.S. dollar exchange rate was 2.4 % higher than the average Russian ruble-U.S. dollar exchange rate during 2012.

Italy

We have determined that the functional currency of WIND Italy is the Euro. As of December 31, 2014, 2013 and 2012, the Euro-U.S. dollar exchange rate was 0.83, 0.73 and 0.76 Euro per U.S. dollar respectively, as provided by Bloomberg Finance L.P. During 2014 the average Euro-U.S. dollar exchange rate was 0.1% higher than the average Euro-U.S. dollar exchange rate during 2013. During 2013 the average Euro-U.S. dollar exchange rate was 3.2% lower than the average Euro-U.S. dollar exchange rate during 2012.

Ukraine

The national currency of Ukraine is the Ukrainian hryvnia. We have determined that the functional currency of our subsidiary in Ukraine is 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. As of December 31, 2014, 2013 and 2012, the official National Bank of Ukraine hryvnia-U.S. dollar exchange rates were 15.77, 7.99 and 7.99 Ukrainian hryvnia per U.S. dollar, respectively. During 2014 the average Ukrainian hryvnia-U.S. dollar NBU exchange rate was 49.0% higher than the average Ukrainian hryvnia-U.S. dollar NBU exchange rate during 2013. During 2013 the average Ukrainian hryvnia-U.S. dollar NBU exchange rate was 0.0% higher than the average Ukrainian hryvnia-U.S. dollar NBU exchange rate during 2012.

Algeria

The national currency of Algeria is the Algerian dinar. As of December 31, 2014, 2013 and 2012, the Algerian dinar-U.S. dollar exchange rate was 87.92, 78.38 and 78.94 Algerian dinar per U.S. dollar respectively, as provided by Bloomberg Finance L.P. During 2014, the average Algerian dinar-U.S. dollar exchange rate was 1.2% higher than the average Algerian dinar-U.S. dollar exchange rate during 2013. During 2013, the average Algerian dinar-U.S. dollar exchange rate was 2.3% higher than the average Algerian dinar-U.S. dollar exchange rate during 2012.

Africa & Asia

Pakistan

The national currency of Pakistan is the Pakistani rupee. As of December 31, 2014, 2013 and 2012 the Pakistani rupee-U.S. dollar exchange rate was 100.52, 105.33 and 97.14 Pakistani rupee per U.S. dollar respectively, as provided by Bloomberg Finance L.P. During 2014 the average Pakistani rupee-U.S. dollar exchange rate was 0.5 % lower than the average Pakistani rupee-U.S. dollar exchange rate during 2013. During 2013 the average Pakistani rupee-U.S. dollar exchange rate was 8.8 % higher than the average Pakistani rupee-U.S. dollar exchange rate during 2012.

Bangladesh

The national currency of Bangladesh is the Bangladeshi taka. As of December 31, 2014, 2013 and 2012, the Bangladeshi taka-U.S. dollar exchange rate was 77.93, 77.67 and 79.78 Bangladeshi taka per U.S. dollar respectively, as provided by Bloomberg Finance L.P. During 2014 the average Bangladeshi taka-U.S. dollar exchange rate was 0.7 % lower than the average Bangladeshi taka-U.S. dollar exchange rate during 2013. During 2013 the average Bangladeshi taka-U.S. dollar exchange rate was 4.6 % lower than the average Bangladeshi taka-U.S. dollar exchange rate during 2012.

CIS

Kazakhstan

The national currency of the Republic of Kazakhstan is the Kazakh tenge. We have determined that the functional currency of our subsidiary in Kazakhstan is 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. As of December 31, 2014, 2013 and 2012, the official National Bank of Kazakhstan tenge-U.S. dollar exchange rates were 182.35, 153.61 and 150.74 Kazakh tenge per U.S. dollar, respectively. During 2014 the average Kazakh tenge-U.S. dollar exchange rate was 17.7% higher than the average Kazakh tenge-U.S. dollar exchange rate during 2013. During 2013 the average Kazakh tenge-U.S. dollar exchange rate was 2.0% higher than the average Kazakh tenge-U.S. dollar exchange rate during 2012.

Uzbekistan

The national currency of Uzbekistan is the Uzbek som. Historically the functional currency of our operations in Uzbekistan has been the U.S. dollar as opposed to the Uzbek som. During 2014, we concluded that the Uzbek som should be the functional currency for Uzbekistan as it more clearly reflects the economic substance of the underlying events and circumstances of the company. The change did not have material impact on our operations. The Uzbek som is not a convertible currency outside Uzbekistan. As of December 31, 2014, 2013 and 2012, the official Central Bank of the Republic of Uzbekistan som-U.S. dollar exchange rates were 2,422.40, 2,202.20 and 1,984.00 Uzbek som per U.S. dollar, respectively. During 2014 the average Uzbek som-U.S. dollar exchange rate was 10.3% higher than the average Uzbek som-U.S. dollar exchange rate during 2013. During 2013 the average Uzbek som-U.S. dollar exchange rate was 10.9% higher than the average Uzbek som-U.S. dollar exchange rate during 2012.

Tajikistan

The national currency of Tajikistan is the Tajik somoni. The Tajik somoni is not a convertible currency outside Tajikistan. We have determined that the functional currency of our subsidiary in Tajikistan is the U.S. dollar, as it reflects the economic substance of the underlying events and circumstances of the company because the company generates most of its revenue from international traffic termination which is priced and paid in the U.S. dollars. In addition substantial part of capital expenditures is purchased from international suppliers and priced and paid in the U.S. dollars.

Armenia

The national currency of Armenia is the Armenian dram. We have determined that the functional currency of our subsidiary in Armenia is 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. As of December 31, 2014, 2013 and 2012, the official Central Bank of Armenia Armenian dram—U.S. dollar exchange rates were 474.97, 405.64 and 403.58 Armenian drams per U.S. dollar, respectively. During 2014 the average Armenian dram-U.S. dollar exchange rate was 1.5% higher than the average Armenian dram—U.S. dollar exchange rate during 2013. During 2013 the average Armenian dram-U.S. dollar exchange rate was 1.9% higher than the average Armenian dram—U.S. dollar exchange rate during 2012.

Georgia

The national currency of Georgia is the Georgian lari. We have determined that the functional currency of our subsidiary in Georgia is 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. As of December 31, 2014, 2013 and 2012, the official National Bank of Georgia Georgian lari-U.S. dollar exchange rates were 1.86, 1.74 and 1.66 lari per U.S. dollar, respectively. During 2014, the average Georgian lari-U.S. dollar exchange rate was 6.2% higher than the average Georgian lari-U.S. dollar exchange rate during 2013. During 2013, the average Georgian lari-U.S. dollar exchange rate was 0.7% higher than the average Georgian lari-U.S. dollar exchange rate during 2012.

Kyrgyzstan

The national currency of Kyrgyzstan is the Kyrgyz som. We have determined that the functional currency of our subsidiary in Kyrgyzstan is the Kyrgyz som, as it reflects the economic substance of the underlying events and circumstances of the company. The Kyrgyz som is not a convertible currency outside Kyrgyzstan. As of December 31, 2014, 2013 and 2012, the official National Bank of the Kyrgyz Republic Kyrgyz som-U.S. dollar exchange rate were 58.89, 49.25 and 47.40 som per U.S. dollar, respectively. During 2014, the average Kyrgyz som-U.S. dollar exchange rate was 10.8% higher than the average Kyrgyz som-U.S. dollar exchange rate during 2013. During 2013, the average Kyrgyz som-U.S. dollar exchange rate was 3.1% higher than the average Kyrgyz som-U.S. dollar exchange rate during 2012.

Conversion of foreign currencies that 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.

We have implemented a number of risk management activities to minimize currency risk and exposure in certain of the countries in which we operate, as further described in the section of this Annual Report on Form 20-F entitled “Item 11—Quantitative and Qualitative Disclosures About Market Risk.”

Critical Accounting Policies

Please refer to notes 3 and 4 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Recent Accounting Pronouncements

Please refer to note 3 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Related Party Transactions

We have entered into transactions with related parties and affiliates. Please see the section of this Annual Report on Form 20-F entitled “Item 7—Major Shareholders and Related Party Transactions—B. Related Party 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, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

ITEM 6. Directors, Senior Management and Employees

A. Directors and Senior Management

As of March 1, 2015, the members of our supervisory board were as follows:

<u>Name</u>	<u>Age⁽¹⁾</u>	<u>Position</u>
Alexey M. Reznikovich	46	Chairman of Supervisory Board
Mikhail M. Fridman	50	Director
Gennady Gazin	50	Alternate Director
Andrei Gusev	42	Director
Sir Julian Horn-Smith	66	Director
Kjell-Morten Johnsen	47	Director
Ole Bjørn Sjulstad	53	Director
Morten Karlsen Sørby	55	Alternate Director
Trond Ø Westlie	53	Director

(1) As of March 1, 2015.

The members of our current supervisory board were elected at the June 28, 2014 annual general meeting of shareholders in accordance with our bye-laws, except for Mr. Gazin and Mr. Sørby who were appointed to serve as alternate directors on our supervisory board in place of Leonid R. Novoselsky and Jon Fredrik Baksaas, respectively, in accordance with our bye-laws. The members of our current supervisory board will serve until the next annual general meeting, unless any members are removed from office or their offices are vacated in accordance with our bye-laws.

As of March 1, 2015, the members of our management board were as follows:

<u>Name</u>	<u>Age⁽¹⁾</u>	<u>Position</u>
Jo Lunder	53	Group Chief Executive Officer ⁽²⁾
Andrew Davies	49	Group Chief Financial Officer
Mikhail Slobodin	42	Head of Russia
Maximo Ibarra	46	Head of Italy
Vincenzo Nesci	65	Head of Africa & Asia
Andrey Patoka	45	Head of CIS
Peter Chernyshov	46	Head of Ukraine
Jeffrey Hedberg	53	Head of Pakistan
Ziad Shatara	47	Head of Bangladesh
Taras Parkhomenko	40	Head of Kazakhstan
Anton Kudryashov	47	Chief Group Business Development and Portfolio Officer
Yogesh Malik	42	Group Chief Technology Officer
Jeremy Roffe-Vidal	45	Group Chief Human Resources Officer
Mikhail Gerchuk	42	Group Chief Commercial and Strategy Officer
Rozzyn Boy	37	Chief Communications Officer
Scott Dresser	47	Group General Counsel
Romano Righetti	53	Group Chief Regulatory Officer
Enrique Aznar	50	Group Chief Compliance Officer

(1) As of March 1, 2015.

(2) Jean-Yves Charlier will take the position of Group Chief Executive Officer effective April 13, 2015, following the resignation of Jo Lunder effective the same date.

Supervisory Board

Alexey M. Reznikovich has been Chairman of the VimpelCom Ltd. supervisory board since December 2012 and a director of VimpelCom Ltd. since April 2010. He also serves as chairman of VimpelCom Ltd.'s compensation committee. Mr. Reznikovich was a member of the board of directors of OJSC VimpelCom from May 2002 until April 2010. Mr. Reznikovich has served as Managing Partner of LetterOne Telecom since June 2014. Prior to joining LetterOne Telecom, he was Chief Executive Officer of LLC Altimo from April 2005 to May 2014 and Chief Executive Officer of Altimo Holdings Investments from June 2006 to May 2014. He has been a member of the supervisory board of the Alfa Group Consortium since 2002, with overall responsibility for business development and management supervision of the Group's assets. Mr. Reznikovich was a director of Golden Telecom from May 2007 until February 2008. In 2001, Mr. Reznikovich founded EMAX, a new business venture to develop Internet centers in Russia and has been a director of EMAX and of CAFEMAX, an Internet café chain, since February 2001. From December 1998 to 2000, Mr. Reznikovich was a partner at McKinsey & Co. Prior to his time at McKinsey, Mr. Reznikovich worked at Procter & Gamble in Italy and Transworld in the United States. He graduated from the Economics Faculty of the Moscow State University and received an M.B.A. from Georgetown University in the United States and from INSEAD in France.

Mikhail M. Fridman has been a director of VimpelCom Ltd. since April 2010. Mr. Fridman was a member of the board of directors of OJSC VimpelCom from July 2001 until April 2010. He currently serves as a member of the board of directors of OJSC Alfa-Bank, as well as Chairman of the supervisory boards of the Alfa Group Consortium and LetterOne Holdings S.A. Mr. Fridman also serves as a member of the supervisory board of X5 Retail Group N.V. He is a member of the Public Chamber of the Russian Federation. Since 1989, Mr. Fridman has taken an active role in managing the Alfa Group, which includes Alfa Finance Holdings S.A. (Alfa Bank, Alfa Capital Holdings Limited and Medpoint Limited), Altimo and X5 Retail Group N.V. In 1988, Mr. Fridman co-founded the Alfa-Foto cooperative. From 1986 until 1988, Mr. Fridman served as an engineer at Elektrostal Metallurgical Works. Mr. Fridman graduated with honors from the Faculty of Non-Ferrous Metals of the Moscow Institute of Steel and Alloys in 1986.

Gennady Gazin has been an alternate director of VimpelCom Ltd. since October 2014. Mr. Gazin is serving as a chairman of VimpelCom Ltd.'s nominating and corporate governance committee, chairman of its special committee overseeing the internal investigation and the company's response to the inquiries by various authorities and as a member of its finance and strategy committee and audit committee, in each case as an alternate director for Mr. Novoselsky. Mr. Gazin currently serves as Vice-Chairman of the Board at Studio Moderna (a multi-channel and direct to consumer retailer in Central & Eastern Europe), Director at Interpipe (a producer of pipes and railroad wheels), Director at GeoAlliance (an oil and gas production company) and Chairman of the Board at Genesis Philanthropy Group. From 2007 to 2012 Mr. Gazin served as CEO of EastOne, an international investment advisory group. Prior to EastOne, Mr. Gazin worked at McKinsey and Company's New York and Moscow offices for 14 years, during which time he was an active member of the Telecommunications practice and also served as the Senior Partner responsible for McKinsey's CIS practice. Mr. Gazin started his professional career as a systems and telecommunications engineer at Bell Communications Research/Telcordia and General Dynamics in the USA. Mr. Gazin received a bachelor's degree in Electrical Engineering from Cornell University in 1987, a master's degree in Electrical Engineering from Stanford University in 1988 and an MBA from the Wharton School of Business at the University of Pennsylvania (USA) in 1993.

Andrei Gusev has been a director of VimpelCom Ltd. since April 2014. Mr. Gusev is serving as a chairman of VimpelCom Ltd.'s finance and strategy committee, chairman of its business review committee and as a member of its nominating and corporate governance committee and compensation committee. Mr. Gusev is a senior partner at LetterOne Telecom (UK) LLP and was a managing director at Altimo from 2013 to 2014. Mr. Gusev was Chief Executive Officer of X5 Retail Group N.V. from 2011 to 2012 and prior to that, from 2006 to 2010, served as its Director of Business Development and M&A. From 2001 to 2005, Mr. Gusev served as Managing Director of the Alfa Group with overall responsibility for investment planning. Prior to that, Mr. Gusev worked at Bain & Company and Deloitte Consulting. Mr. Gusev received a diploma with honors from the Department of Applied Mathematics and Computer Science at Lomonosov Moscow State University in 1994 and an M.B.A. from the Wharton School at the University of Pennsylvania in 2000.

Sir Julian Horn-Smith has been a director of VimpelCom Ltd. since July 2014. Sir Julian is serving as a member of VimpelCom Ltd.'s special committee overseeing the internal investigation and the company's response to the inquiries by various authorities and as a member of its business review committee. Sir Julian was a member of the founding management team of Vodafone Group Plc. He retired from Vodafone in July 2006, where he held a number of senior positions, including Deputy Chief Executive Officer and member of the board. Sir Julian remains in the global telecom sector as a Senior Advisor to UBS Investment Bank, in London, Senior Advisor to CVC (Telecoms and Media) and a member of the board of Digicel (a Caribbean, Central America and Asia Pacific Operator). Sir Julian is also a member of the board of Martin Dawes Systems (Software) and an advisor to Alix Partners (Consulting). He is a Pro Chancellor at Bath University and chairs the University's School of Management Advisory Board. He is a Trustee for the Hope for Tomorrow Charity and is the Founder and Co-Chair of The TATLIDiL Conference (British and Turkish Conference). During his career in international telecommunications Sir Julian has served as Senior Advisor to the Etisalat Group board from 2011 to 2014 and as Chair of both the Mannesmann Supervisory and Management boards, as well as a Director on a number of

company boards, including Lloyds Banking Group plc, Smiths Group, China Mobile, eAccess in Japan, De la Rue plc, Verizon Wireless and SFR in France. Sir Julian earned a Bachelor of Science in economics from London University in 1970 and a Master of Science from Bath University in the United Kingdom in 1979.

Kjell-Morten Johnsen has been a director of VimpelCom Ltd. since June 2011. Mr. Johnsen is a member of VimpelCom Ltd.'s compensation committee. Mr. Johnsen served as a member of OJSC VimpelCom's board of directors from June 2007 until May 2013. Mr. Johnsen was appointed Executive Vice President and Head of Telenor's European Operations in May 2012. From March 2009 to May 2012, Mr. Johnsen was Chief Executive Officer of Telenor Serbia. Before his appointment in Serbia, Mr. Johnsen served as Senior Vice President of Telenor Central & Eastern Europe and Head of Telenor Russia from February 2006. From 2001 to 2006, Mr. Johnsen worked as Vice President of Telenor Networks with responsibility for Telenor ASA's fixed-line activities in Russia and the CIS. From 1996 to 2000, Mr. Johnsen worked with Norsk Hydro, where he held executive positions both as country manager in Ukraine and as manager at the regional headquarters for the CIS, Africa and Latin America, which was based in Paris. Mr. Johnsen serves as a Director of Tøa Invest AS and LinWi Invest AS (each an investment company) and served as a member of Golden Telecom, Inc.'s board of directors from December 2003 to February 2008. Mr. Johnsen received an M.B.A. in Strategic Management from the Norwegian School of Economics and Business Administration in 1999.

Ole Bjørn Sjulstad has been a director of VimpelCom Ltd. since April 2010. He serves as a member of VimpelCom Ltd.'s finance and strategy committee, audit committee, nominating and corporate governance committee and business review committee. Mr. Sjulstad was a member of OJSC VimpelCom's board of directors from June 2008 until April 2010. Mr. Sjulstad has been the Head of Telenor's representative office in Russia since 2009. Mr. Sjulstad joined the Telenor Group in 2000 and is currently a Senior Vice President. He served as Managing Director of Telenor Asia Pte Ltd. in Singapore from 2002 until 2004 when he relocated to Norway. He continued focusing on emerging markets in Asia as Senior Vice President and Director of Corporate Development, Asia region of Telenor ASA. In March 2007, he joined Telenor's Central & Eastern European regional unit. In March 2009, Mr. Sjulstad was appointed Head of Telenor, Russia. Mr. Sjulstad also served on the board of directors of Grameenphone Limited in Bangladesh from 2002 until 2008. Mr. Sjulstad has degrees in Mechanical Engineering and Business Administration from the Kongsberg International Institute (Ingeniørhøgskole), which he received in 1983. Mr. Sjulstad also completed the Program for Executive Development at IMD, Lausanne in October 2008.

Morten Karlsen Sørby has been an alternate director of VimpelCom Ltd. since February 2015. Mr. Sørby has served as Executive Vice President of the Telenor Group since 2003 when he was also appointed Head of the Norwegian Market of the Telenor Group. Mr. Sørby joined the Telenor Group in 1993 as a Vice President in Norsk Telekom, a subgroup of the Telenor Group. He then served as Senior Vice President, General Manager and Deputy CEO in a number of Telenor Group companies between 1995 and 2002. Mr. Sørby was a member of the board of directors of OJSC VimpelCom from 2000 to 2003. He became Head of the Nordic Region of Telenor in 2005 and was appointed Head of Corporate Development in 2009 and Head of Strategy and Regulatory Affairs in 2011. In 2014, Mr. Sørby served as CEO of Uninor, an Indian Telenor Group Company. Mr. Sørby has also been chairman of several boards of directors of Telenor Group companies in Norway, Denmark and Sweden since 2005 and has been a board member of Digi, a Telenor Group company in Malaysia since 2013. Prior to joining the Telenor Group, Mr. Sørby worked at Arthur Andersen & Co. in Oslo, Norway. Mr. Sørby received his Master of Science degree in business administration from the University of Karlstad, Sweden in 1983. He is a state licensed public accountant in Norway and completed the Program for Executive Development at IMD in Lausanne, Switzerland in 1997.

Trond Ø Westlie has been a director of VimpelCom Ltd. since July 2014. Mr. Westlie is serving as chairman of VimpelCom Ltd.'s audit committee, and as a member of its special committee overseeing the internal investigation and the company's response to the inquiries by various authorities. Mr. Westlie joined A.P. Moller - Maersk in January 2010 as Group CFO and member of the Executive Board. Mr. Westlie served as Executive Vice President and Chief Financial Officer of the Telenor Group from September 2005 to December 2009. Previously, he was Group Executive Vice President and Chief Financial Officer of Aker Kvaerner ASA from

2002 to 2004, and Executive Vice President and CFO of Aker Maritime ASA from 2000 to 2002. Mr. Westlie has served on numerous corporate boards and is currently a member of the Board of Danske Bank, Danish Ship Finance, Shama AS and Tønsberg Delikatesse AS. Mr. Westlie qualified as a State Authorized Public Auditor from Norges Handelshøyskole in Norway in 1987.

Our supervisory board approved the appointments of Gennady Gazin in October 2014 and Morten Karlsen Sørby in February 2015 as alternate directors on our supervisory board in accordance with our bye-laws. Mr. Gazin and Mr. Sørby are presently serving in place of Leonid R. Novoselsky (age 45) and Jon Fredrik Baksaas (age 60), respectively.

Jon Fredrik Baksaas has been a director of VimpelCom Ltd. since November 2011, and before his current term, he served as a director of VimpelCom Ltd. from April 2010 to June 2011. Mr. Baksaas has served as the President and Chief Executive Officer of Telenor ASA since June 2002, chairman of the board of directors of Telenor Mobile Holdings AS since 2002, chairman of the board of directors of Telenor Business Partner Invest AS since 2001, a member of the board of Svenska Handelsbanken AB since 2003, a member of the board of Doorstep AS since 2000, a member of the advisory council of Det Norske Veritas since 2004 and a member of the board of GSM Association since January 2009. Before joining Telenor in 1989, Mr. Baksaas served as the Chief Financial Officer of Aker AS, Chief Financial Officer of Stolt-Nielsen Seaway and held finance-related positions in Det Norske Veritas in Norway and Japan. Mr. Baksaas received a Master of Science degree from the Norwegian School of Economics and Business Administration in Bergen, Norway in 1979 and completed the program for Executive Development at the International Institute for Management Development in Lausanne, Switzerland in 1991.

Leonid Novoselsky has been a director of VimpelCom Ltd. since April 2010. Mr. Novoselsky was a member of OJSC VimpelCom's board of directors from June 2006 until April 2010. He is a co-founder and the current President of the Gradient Group since September 2013. Since September 2008, Mr. Novoselsky has been a member of the board of directors of OJSC "Protek," one of the largest pharmaceutical distributors in Russia. Mr. Novoselsky graduated from the Moscow Institute of Steel and Alloys in 1993 with a degree in Engineering and, in 1999, received an M.B.A. from the Wharton School of the University of Pennsylvania.

Management Board

Jo Lunder was appointed as Chief Executive Officer of VimpelCom Ltd. by the VimpelCom Ltd. supervisory board effective July 2011. Previously, Mr. Lunder served as the Chairman of the VimpelCom Ltd. supervisory board from April 2010 until June 2011. From May 2002 to October 2010 and from August 2011 to May 2013, Mr. Lunder served as a member of OJSC VimpelCom's board of directors, and from May 2002 until July 2003 and from August 2011 to March 2012, Mr. Lunder served as the Chairman of the board of directors of OJSC VimpelCom. Since September 1999, Mr. Lunder has also held numerous other positions at OJSC VimpelCom, including Chief Executive Officer from April 2001 to October 2003, General Director from May 2001 to October 2003, President and Chief Operating Officer from September 2000 to April 2001, First Deputy Chief Executive Officer and Chief Operating Officer from September 1999 to April 2000. Mr. Lunder has served as a member of the board of directors of Orkla ASA since 2012. From September 2007 until June 2011, Mr. Lunder served as the Executive Vice President of FERD, one of Norway's largest privately owned financial and industrial groups. In addition, Mr. Lunder served as Executive Chairman of the board of directors of the Aibel Group Ltd., Chairman of the board of Elopak AS, Chairman of the board of Swix Sport AS, and a member of the board of directors of Pronova BioPharma ASA. From February 2005 to September 2007, Mr. Lunder served as Chief Executive Officer of Atea ASA, one of Europe's largest IT infrastructure companies. From 1993 until August 1999, Mr. Lunder was employed in various capacities for Telenor and its affiliates, including Chief Operating Officer of Telenor Mobile. Mr. Lunder earned a Bachelor's degree from the Oslo Business School in 1986 and an M.B.A. degree from Henley Management College in the United Kingdom in 1996 and completed a Management Training Program at IMD, Switzerland in 1998.

Jean-Yves Charlier was appointed as Chief Executive Officer of VimpelCom Ltd. by the VimpelCom Ltd. supervisory board effective April 13, 2015. Prior to his appointment as Chief Executive Officer of VimpelCom Ltd., he was the Chairman and Chief Executive Officer of SFR in France, from 2012 until 2014. While at SFR he completed the demerger of SFR from Vivendi in a transaction with cable operator Numericable. From 2007 until 2012, Mr. Charlier was the Chief Executive Officer for Promethean, an interactive learning company, and from 2004 until 2007 Mr. Charlier was the Chief Executive Officer of Colt, an alternative carrier. He started his career with Wang in France and also held senior executive positions with Equant and BT Global Services. Mr. Charlier has been on the board of several other listed companies including Activision Blizzard and Vivendi. He holds an M.B.A. from the Wharton Business School and a bachelor of arts (international business administration) from the American College in Paris, France.

Andrew Davies joined VimpelCom Ltd. in November 2013 as Chief Financial Officer. From November 2010 to October 2013, Mr. Davies was the Chief Financial Officer at Verizon Wireless. Prior to his appointment at Verizon Wireless, Mr. Davies held a number of senior financial roles within Vodafone Group, latterly as CFO of Vodafone India and Vodafone Turkey and including positions in Vodafone UK and Vodafone Japan. Prior to joining Vodafone in 2003, Mr. Davies was CFO of Singlepoint (4U), which was acquired by Vodafone in 2003, and held positions with Honeywell Inc. and the General Electric Company after starting his career with KPMG in 1987. Mr. Davies serves as a member of the board of various subsidiaries of VimpelCom Ltd. Mr. Davies earned a Bachelor of Science degree in mathematics from Imperial College in London in 1987.

Mikhail Slobodin has served as Head of Russia of VimpelCom Ltd. and General Director of OJSC VimpelCom since September 2013. Mr. Slobodin has been a member of the Supervisory Board of Euroset Holding N.V. since November 2013. Before joining VimpelCom, Mr. Slobodin was an Executive Vice President of Strategy and New Business Development in OJSC TNK-BP Management. From 2003 to 2011, he held key positions in several companies in the oil & gas sector including as President of OJSC Russian Utility Systems; General Director, President of CJSC Integrated Energy Systems; Vice President for Energy of OJSC TNK-BP Management; and Director of the Engineering Business Development Department of OJSC TNK Management. Mr. Slobodin started his business career in 1998, as Head of the Economics Division in OJSC SUAL. Mr. Slobodin graduated from the Ural State University in 1993, majoring in Economics, and has an academic degree as a Candidate of Science (Engineering).

Maximo Ibarra has served as Head of Italy and Chief Executive Officer and General Director of WIND Italy since May 2012. From May 2009 to May 2012, Mr. Ibarra served as the Consumer Director of WIND Italy, having served as Mobile Marketing and Customer Management Director from 2004 to April 2009. From June 2003 to February 2004, Mr. Ibarra served as Vice President Marketing & Strategies of the Benetton Group. From September 2001 to June 2003, he served as Vice President for Strategy and Business Development in Fiat Auto. From December 2000 to September 2001, Mr. Ibarra served as the Commercial Director of DHL International, and from January 1996 to December 2000, he held several positions in Omnitel (now Vodafone). Mr. Ibarra holds a degree in Political Sciences and Economics from the Sapienza University of Rome, which he received in 1991.

Vincenzo Nesci was appointed Head of Africa and Asia effective July 1, 2014. Mr. Nesci has served as Chief Executive Officer of GTH since July 2014 and Executive Chairman of Optimum Telecom Algeria since July 2012. In 2010, Mr. Nesci joined GTH as the Chief Executive Officer of the Sub-Saharan Africa Cluster. Previously, Mr. Nesci joined Alcatel in 1980 and held positions in Egypt, Italy, Belgium, Ethiopia and East Africa. He was nominated Country Senior Officer of Alcatel in Egypt in 1993, appointed Vice-President for the Middle East in 1999, and became President of the Middle East and Africa Business Unit in 2008. Prior to joining Alcatel, Mr. Nesci worked for General Electric in Libya and Nigeria. He is a member of the board of various subsidiaries of VimpelCom Ltd. Mr. Nesci received a Master in Economics degree from L. Bocconi University in Italy in 1973. He was also a Lecturer and Assistant Professor in Banking and Finance, Conseiller du Commerce Extérieur de la France, a Board Member of the Chambre de Commerce Franco-Arabe and a member of the World Economic Forum.

Peter Chernyshov has been Head of Ukraine since June 2014. Mr. Chernyshov previously served as Vice President of Carlsberg Group, responsible for six countries in Eastern Europe, from September 2012 to February 2014 and as Chief Executive Officer of Carlsberg Ukraine from 2006 to September 2012. From 1999 to 2006, he worked for BBH (Baltic Beverage Holding), where he held various management positions, including General Director of OJSC “Vena” from 2003 to 2005 and Vice President of Finance at Baltika Breweries from 2005 to 2006. Mr. Chernyshov is currently a member of the board of the European Business Association (EBA) in Ukraine. Mr. Chernyshov received a Master’s degree in mathematics from Ural State University in 1990 and an MBA from Kingston University Business School (UK) in 2002.

Andrey Patoka has been Head of the CIS since January 2015. From February 2014 to January 2015, Mr. Patoka was Executive Vice President, Chief Infrastructure Officer of OJSC VimpelCom, and from 2008 to February 2014, Mr. Patoka was Vice-President, Head of B2B Business Unit of OJSC VimpelCom. Prior to that, Mr. Patoka worked for Golden Telecom from September 2003 to March 2004 as the Deputy General Director and Senior Vice President, International and Regional Business. Mr. Patoka also served as Head of the Regional Business Development Department of Sovintel from September 2003 to March 2004 and Head of the International and Regional Business Development Department of Sovintel from March 2004 to September 2008. Mr. Patoka held positions at Combellga starting in 1992, reaching the position of Commercial Director, heading the Sales Department, in 2002. Mr. Patoka is currently a member of the board of directors of CJSC Samara Telecom, CJSC Rascom, CJSC WestBalt Telecom, Sakhalin Telecom Limited, Golden Telecom Limited and CJSC Kubintersvyaz. Mr. Patoka graduated from the Military Krasnoznamenny Institute of the Russian Ministry of Defence with a degree in military translation in 1987.

Jeffrey Hedberg was appointed Chief Executive Officer of Mobilink in Pakistan in July 2014. Prior to joining Mobilink, Mr. Hedberg worked at Boston Consulting Group from March 2013, where he was a Senior Advisor in the firm’s South Africa office and its Munich-based Technology, Media and Telecommunications Practice area. Mr. Hedberg served as Acting CEO of Telekom South Africa from July 2010 to June 2011 and as CEO of Telkom’s Nigerian subsidiary, Multi-Links Nigeria, from November 2009 to June 2010. From May 2006 to November 2009, Mr. Hedberg was CEO of Cell C in South Africa. Mr. Hedberg was Executive Vice President and Member of the Board of Management of Deutsche Telekom AG from 1999 to 2002 where he developed the strategy for the International Division, and in 2002 he was appointed CEO and Chairman of Deutsche Telekom USA. Prior to that, Mr. Hedberg served as Executive Vice President of Swisscom International from 1997 to 1999. Mr. Hedberg currently serves as a member of the board of directors of various subsidiaries of VimpelCom Ltd., including Business & Communication Systems (Pvt) Ltd., LinkDotNet Telecom Limited, LinkdotNET Pakistan (Pvt) Ltd. and Waseela Microfinance Bank Limited. Mr. Hedberg received a Master’s degree in International Management from the University of Denver in 1992 and a Bachelor of Business Administration Degree from Northeastern University in 1985.

Ziad Shatara joined Banglalink in January 2013 as its Chief Executive Officer. Before joining Banglalink, he was with Wind Telecommunications as its Chief Technology Officer from 2010 to 2012, and its IT director from 2008 to 2009. Prior to joining WIND, Mr. Shatara had more than 17 years of proficiency in building, running and expanding operations in telecommunications, including cellular business, fixed lines and broadband networks integration. He also has additional professional expertise in the fields of IT, Customer Service and Retail Operations. Mr. Shatara started his career in the IT industry in 1991. He then moved into telecommunications, starting with a role with the first GSM operator in Jordan, Fastlink, in 1994. From 1994 to 2007 he worked in many regional networks in the Middle and the Far East. Mr. Shatara holds a B.Sc. and a M.Sc. in Electrical and Computer Engineering, which he received in 1989 and 1991, respectively, at the Technical University of Budapest in Hungary.

Taras Parkhomenko has served as the Chief Executive Officer of our subsidiary in Kazakhstan since February 2013. In August 2006, Mr. Parkhomenko joined Kyivstar as Deputy Marketing Director for Strategic Affairs at Kyivstar, and in 2010 became Chief Marketing Officer and a member of the Management Board of Kyivstar. From 2003 to 2006, Mr. Parkhomenko served as Marketing Director at the pharmaceutical corporation

Arterium. From 2002 to 2003, Mr. Parkhomenko served as Manager for brands strategic management at BBH company (in the Carlsberg Group). From 1996 to 2001, Mr. Parkhomenko held positions in the marketing and strategic planning function at Golden Telecom. Mr. Parkhomenko received a degree in economics and systems engineering from the Kyiv International University of Civil Aviation in 1997 and the certificate of the British Chartered Institute of Marketing (CIM) in 2002.

Anton Kudryashov has been Chief Group Business Development and Portfolio Officer since October 2013. Previously Mr. Kudryashov was Head of Russia of VimpelCom Ltd. and General Director of OJSC VimpelCom from January 2012 to September 2013. Mr. Kudryashov has been a member of the Supervisory Board of Euroset Holding N.V. from December 2012 until November 2013. Previously Mr. Kudryashov served as Chief Executive Officer of CTC Media from August 2008. Mr. Kudryashov started his professional career at CS First Boston, an international investment bank, where he served in various positions from 1991 to 1995, including as Vice President from 1993 to 1995. In 1995, he became one of the founding partners of Renaissance Capital investment bank. Mr. Kudryashov also held senior executive positions in insurance and private equity. In 1998, Mr. Kudryashov founded Afisha Publishing House and was the Chairman of the Board of Afisha Publishing House until 2005. From 2002 to 2003, he served as the restructuring Chief Executive Officer of NTV-Plus. Mr. Kudryashov graduated with a degree in Economics from the Finance Academy in Moscow (formerly Moscow Finance Institute) in 1989 and completed his post-graduate studies at the Institute of European Studies, Academy of Science in Moscow in 1990 and the London School of Economics in 1991. He is a member of the Russian Television Academy and also a member of the Board of the Russian Union of Industrialists and Entrepreneurs (RSPP).

Yogesh Malik has served as Group Chief Technology Officer of VimpelCom Ltd. since March 2014. Mr. Malik served as Chief Executive Officer of Uninor, an Indian mobile network operator majority owned by the Telenor Group, from May 2013 through November 2013 and prior to that, served in a variety of senior positions at Uninor, including COO covering the areas of Technology, Regulatory and Customer Care. Mr. Malik has also served as CTO of Grameenphone in Bangladesh, CTO of Kyivstar in Ukraine and Head of Technology & Sourcing at Telenor Group headquarters in Norway. Prior to joining the Telenor Group, Mr. Malik worked for TIW, Tata/AT&T and Ericsson in various senior positions in a variety of countries. Mr. Malik received an Engineering Degree in Electronics from MSU University, Baroda, India in 1993, and an Executive M.B.A. from IMD, Lausanne, Switzerland in 2008.

Jeremy Roffe-Vidal was appointed Group Chief Human Resources Officer in February 2015. Before joining VimpelCom, Mr. Roffe-Vidal was based in France and served as Group Human Resources and Corporate Vice-President at Cap Gemini S.A. Prior to this, from 2001 to 2004, he held the position of Vice President Human Resources in Invensys (now part of Schneider Electric) in London and France. From 2004 to 2008, Jeremy Roffe-Vidal served as Senior Vice President Human Resources of Alstom Power Systems based in Switzerland. Mr. Roffe-Vidal received a degree in Psychology from Goethe University in Germany in 1992.

Mikhail Gerchuk has served as Group Chief Commercial and Strategy Officer since July 2012. From October 2011 to July 2012 he served as the Group Chief Commercial Officer. Mr. Gerchuk served as Acting Head of the CIS Business Unit from February 2014 to January 2015. Previously, Mr. Gerchuk served as Vice President and Chief Commercial Officer of MTS from December 2008 until October 2011, having joined MTS in August 2007 as the Group Marketing Director. At MTS, he also served on the boards of directors of Comstar, MGTS, MTS Ukraine and several other MTS subsidiaries. Prior to joining MTS, Mr. Gerchuk was Chief Commercial Officer at Vodafone Malta from 2006 to 2007. He held senior marketing positions at Vodafone Group, UK between 2002 and 2006, including Head of Voice Propositions between 2004 and 2006 and Senior Global Marketing Manager between 2002 and 2004. Mr. Gerchuk also worked as an Associate at Booz Allen Hamilton in London from 1999 to 2002 and, before that, as Category Marketing Manager at PepsiCo and Brand Manager at Mars, Inc. Mr. Gerchuk received an M.A. in Economic Geography and English from Moscow State University in 1994 and an M.B.A. from INSEAD in 1999.

Scott Dresser was appointed as Group General Counsel, with effect from September 1, 2014. From 2012 to 2014, Mr. Dresser served as Vice President of Global Strategic Initiatives at BirdLife International, a global conservation organization. Between 2006 and 2012, Mr. Dresser was with Virgin Media in the UK, including service as General Counsel, where he led its legal department and acted as principal liaison with the company's Board of Directors, as well as being a member of its Executive Management Team. He also previously held positions in the US at White Mountains RE Group (which is the operating company of White Mountains Insurance Group Ltd), in the role of Senior Vice President and Associate General Counsel from 2005-2006; as Senior Advisor for Legal and Financial Affairs for the Global Conservation Fund (an international non-profit organization) from 2002-2005; and positions at Morgan, Lewis & Bockius LLP and at Lord Day & Lord, Barrett Smith. Mr. Dresser received a bachelor of science degree in Business Administration and Finance from the University of New Hampshire in 1989 and a juris doctorate degree from Vanderbilt University Law School in 1992.

Romano Righetti has served as Group Chief Regulatory Officer since January 2012. He has also served as Deputy Chief Operating Officer of WIND since October 2010 and Director of Regulatory, Antitrust, Wholesale and Privacy Affairs since January 2006. In May 2011, Mr. Righetti was appointed Head of the Regulatory Board and in January 2012, he was appointed Group Chief Regulatory Officer. From 1999 to 2005, he worked for Telecom Italia S.p.A., where he held the position of Regulatory Affairs and International Institutions Vice President. During 1999, Mr. Righetti served as Director of the Regulatory Department at AGCOM. From 1995 to 1999, Mr. Righetti served as General Director for the Italian Ministry of Communications. Prior to that, Mr. Righetti was a partner in an Italian consultancy firm, professor of business engineering at University of Rome, and as a supervisor in an international audit company, Mr. Righetti received a degree in Economics from L.U.I.S.S.—Guido Carli University in 1984.

Enrique Aznar has been VimpelCom's Group Chief Compliance Officer since August 2013 and was appointed to the Management Board in October 2014. Prior to VimpelCom, Enrique was Head of Corporate Governance & Compliance - Chief Integrity Officer at Millicom International Cellular S.A., based in Luxembourg (2011-2013); Chief Ethics & Compliance Officer at Nokia Siemens Networks, based in Helsinki (2009-2011); Deputy General Counsel & Chief Compliance Officer, Europe, Middle East, and Africa for Tyco International, based in Madrid (2005-2009) and held different legal roles with Dell, Inc (2000-2005), Freshfields (1997-2000), Price Waterhouse (1994-1997) and Arthur Andersen (1989-1992). Enrique is a qualified lawyer in Spain, England and Wales. He earned a Licenciatura en Derecho (Law Degree) from the University of Barcelona in 1988, a Master of Arts in International & Comparative Business Law in London in 1993 and a Business Management Program certificate (PDD) at IESE Business School in 2003. He also attended a Leadership Program at Stanford University in the United States in 2012.

Rozzyn Boy joined the company in February 2015 as Chief Communications Officer. Ms. Boy was previously Global Head of Corporate Communications and Brand for Tata Communications Ltd, where she was responsible for all external and internal communications as well as its global Brand positioning. Prior to joining Tata, she held leadership roles in consultancy for PR firms, Hill & Knowlton (UK Technology Practice Head), Firefly Communications (Associate Director) and Text 100, in the UK and South Africa, and was also Head of Communications for Motorola Sub-Saharan Africa. Ms. Boy has a BA honors in Communications and Journalism from The Nelson Mandela Metropolitan University in South Africa.

B. Compensation

We paid our directors and senior managers an aggregate of approximately US\$28.7 million for services provided during 2014, including US\$2.4 million for stock-based compensation awards. In addition, we accrued contingent compensation of approximately US\$20.6 million, including US\$1.9 million for stock-based compensation awards.

For more information regarding our director and senior management compensation, including a description of applicable stock based and cash based plans, see Note 25 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Pursuant to our bye-laws, we indemnify and hold harmless our directors and senior managers from and against all actions, costs, charges, liabilities, losses, damages and expenses in connection with any act done, concurred in or omitted in the execution of our business, or their duty, or supposed duty, or in their respective offices or trusts, to the extent authorized by law. We may also advance moneys to our directors and officers for costs, charges and expenses incurred by any of them in defending any civil or criminal proceedings. The foregoing indemnity will not apply (and any funds advanced will be required to be repaid) with respect to a director or officer if any allegation of fraud or dishonesty is proved against such director or officer. We have also entered into separate indemnification agreements with our directors and senior managers pursuant to which we have agreed to indemnify each of them within substantially the same scope as provided in the bye-laws.

We have obtained insurance on behalf of our senior managers and directors for liability arising out of their actions in their capacity as a senior manager or director.

We do not have any pension, retirement or similar benefit plans available to our directors or senior managers.

C. Board Practices

Our company is governed by our supervisory board currently consisting of nine directors. Our bye-laws provide that our supervisory board consists of at least seven and no more than thirteen directors, as determined by the supervisory board and subject to approval by a majority of the shareholders voting in person or by proxy at a general meeting.

The supervisory board generally delegates management of our company to the management board which sub-delegates management to the CEO, subject to certain material business decisions that are reserved to the supervisory board. The management board consists of the CEO and other senior executives. The CEO has exclusive authority to identify and recommend our senior executives to the supervisory board for the supervisory board's approval.

We have not entered into any service contracts with any of our current directors providing for benefits upon termination of service.

The committees of our supervisory board consist of: an audit committee, a compensation committee, a nominating and corporate governance committee, a finance and strategy committee, a business review committee and a special committee.

Our bye-laws provide that each member of the audit committee is required to satisfy the requirements of Rule 10A-3 under the Exchange Act and the rules and regulations thereunder as in effect from time to time. The audit committee is responsible for, among other things, the appointment, compensation, retention and oversight of the auditors, establishing procedures for addressing complaints related to accounting or audit matters and engaging necessary advisors. The current members of our audit committee, Trond Ø Westlie (chairman), Ole-Bjørn Sjulstad and Gennady Gazin, are expected to serve until our next annual general meeting. Gennady Gazin is presently serving on the audit committee as an alternate director for, and in place of, Mr. Novoselsky.

Our compensation committee is responsible for approving the compensation of the directors, officers and employees of VimpelCom and its subsidiaries, our employee benefit plans, any equity compensation plans of VimpelCom and its subsidiaries, and any contract relating to a director, officer or shareholder of our company or any of our subsidiaries or their respective family members or affiliates. The current members of our compensation committee, Alexey Reznikovich (chairman), Kjell-Morten Johnsen and Andrey Gusev, were appointed on July 28, 2014. Each member is expected to serve until our next annual general meeting.

Our nominating and corporate governance committee is responsible for coordinating the selection process for candidates to become directors and recommending such candidates to the supervisory board. The current members of our nominating and corporate governance committee, Gennady Gazin (chairman), Andrei Gusev and Ole-Bjørn Sjulstad, are expected to serve until our next annual general meeting. Gennady Gazin is presently serving on the nominating and corporate governance committee as an alternate director for, and in place of, Mr. Novoselsky.

Our finance and strategy committee is responsible for reviewing financial transactions, policies, strategies and the capital structure of VimpelCom and its subsidiaries. The current members of our finance and strategy committee, Andrei Gusev (chairman), Gennady Gazin and Ole-Bjørn Sjulstad, are expected to serve until our next annual general meeting. Gennady Gazin is presently serving on the finance and strategy committee as an alternate director for, and in place of, Mr. Novoselsky.

Our business review committee is responsible for reviewing and discussing with senior management key operational performance related topics for all of VimpelCom’s business units. Our business review committee’s objective is to provide a forum outside of regular supervisory board meetings for directors to stay informed about key operational matters and to provide a platform for discussion and the expression of views by the committee members to senior management. The current members of our business review committee, Andrei Gusev (chairman), Ole-Bjørn Sjulstad and Sir Julian Horn-Smith, were appointed on July 28, 2014, and are expected to serve until our next annual general meeting.

Following notice of the investigations by the SEC, DOJ and OM, we established a special committee in March 2014 to oversee the internal investigation being conducted by the company’s external counsel and our response to the inquiries by various authorities. Our special committee is responsible for overseeing the internal investigation and the company’s response to the inquiries by various authorities in connection with the investigations by the SEC, DOJ and OM. The current members of our special committee, Gennady Gazin (chairman), Sir Julian Horn-Smith and Trond Ø Westlie, are expected to serve until our next annual general meeting. Gennady Gazin is presently serving on the special committee as an alternate director for, and in place of, Mr. Novoselsky. For details of the investigations by the SEC, DOJ and OM, please also see “Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We are subject to investigations by the SEC, DOJ and OM, and are conducting an internal investigation. We are unable to predict the duration, scope or results of these investigations or their impact on us.”

D. Employees

The following chart sets forth the number of our employees at December 31, 2014, 2013 and 2012:

	At December 31,		
	2014	2013	2012
Russia	27,935	26,843	24,400
Italy	6,896	6,903	6,890
Algeria	3,732	4,040	4,016
Africa & Asia	5,742	7,585	9,802
Ukraine	4,116	4,510	5,001
CIS	7,437	7,729	8,075
Other	166	232	—
Total	56,024	57,842	58,184

As of December 31, 2014, we had 27,935 employees in Russia. We estimate that 110 were in executive and senior managerial positions, 5,985 were in engineering, construction and information technology, 11,351 were in sales, marketing and other commercial operations, 1,437 were in finance, administration and legal, 6,374 were in customer service, 458 were in site acquisitions, regional projects and security, 884 were in procurement and logistics and 1,336 were in other support functions.

As of December 31, 2014, we had 6,896 employees in Italy. We estimate that 2,690 were in engineering, construction and information technology, 1,719 were in sales, marketing and other commercial operations, 334 were in finance, administration and legal, 1,611 were in customer service, 102 were in procurement and logistics and 440 were in other support functions and security. Of these 6,896 employees, about 123 were in executive and senior managerial positions.

As of December 31, 2014, we had 3,732 employees in Algeria and we estimate that 43 were in executive and senior managerial positions, 953 were in engineering, construction and information technology, 353 were in sales, marketing and other commercial operations, 773 were in finance, administration and legal (including procurement, logistic and other support services) and 1,610 were in customer service.

As of December 31, 2014, we had 5,742 employees in Africa & Asia and we estimate that 93 were in executive and senior managerial positions, 1,638 were in engineering, construction and information technology, 1,126 were in sales, marketing and other commercial operations, 942 were in finance, administration and legal (including procurement, logistic and other support services) and 1,943 were in customer service.

As of December 31, 2014, we had 4,116 employees in Ukraine and we estimate that 886 were in executive and senior managerial positions, 853 were in engineering, construction and information technology, 849 were in sales, marketing and other commercial operations, 631 were in finance, administration and legal, 736 were in customer service, 29 were in site acquisitions, regional projects and security, 77 were in procurement and logistics and 55 were in other support functions.

As of December 31, 2014, we had 7,437 employees in the CIS and we estimate that 21 were in executive and senior managerial positions, 3,156 were in engineering, construction and information technology, 2,019 were in sales, marketing and other commercial operations, 637 were in finance, administration and legal, 1,029 were in customer service, 105 were in site acquisitions, regional projects and security, 217 were in procurement and logistics and 253 were in other support functions.

We have not experienced any work stoppages and consider relations with our employees to be good.

E. Share Ownership

To our knowledge, as of March 17, 2015, other than Mikhail Fridman, none of our directors or senior managers beneficially owned more than 1.0% of any class of our capital stock. To our knowledge, Mr. Fridman has an indirect economic benefit in our shares held for the account of Altimo Coöperatief U.A. and, thus, may be considered under the definition of “beneficial owner” for purposes of SEC Form 20-F only as a beneficial owner of the shares held for the account of Altimo Coöperatief U.A. (“Altimo Coöperatief”). See the section of this Annual Report on Form 20-F entitled “Item 7—Major Shareholders and Related Party Transactions—A. Major Shareholders.”

For more information regarding share ownership, including a description of applicable stock based plans and options, see Note 25 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

ITEM 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth information with respect to the beneficial ownership of VimpelCom as of March 1, 2015 by each person who is known by us to beneficially own 5.0% or more of our common or convertible preferred shares. As of March 1, 2015, we had 1,756,731,135 issued common shares and 305,000,000 issued convertible preferred shares. None of our shareholders has different voting rights.

Shareholder	Number of VimpelCom Ltd. Common Shares	Percent of VimpelCom Ltd. Common Shares	Number of VimpelCom Ltd. Preferred Shares	Percent of VimpelCom Ltd. Voting Shares
Altimo Coöperatief U.A. ⁽¹⁾	986,572,563	56.2%	—	47.9%
Telenor East Holding II AS ⁽²⁾	580,578,840	33.0%	305,000,000	43.0%

- (1) As reported on Schedule 13D, Amendment No. 16, filed on December 18, 2014, by Altimo Coöperatief with the SEC, Altimo Coöperatief is the direct beneficial owner of, and Altimo Holdings, Letterone Overseas Investment Limited and Letterone Holdings S.A. may be deemed to be the beneficial owners of, 986,572,563 VimpelCom Ltd. common shares. The common shares held by Altimo Coöperatief represent approximately 56.2% of VimpelCom Ltd.'s outstanding common shares and approximately 47.9% of VimpelCom Ltd.'s outstanding voting shares.
- (2) As reported on Schedule 13D, Amendment No. 27, filed on June 11, 2014, by Telenor East Holdings II AS ("Telenor East") with the SEC, Telenor East is the direct beneficial owner of, and Telenor ASA and Telenor Mobile Holding AS may be deemed to be the beneficial owners of, 580,578,840 common shares and 305,000,000 convertible preferred shares. The common shares held by Telenor East represent 33.0% of our outstanding common shares. The convertible preferred shares held by Telenor East Holding II AS represent all of our outstanding convertible preferred shares and together with the common shares held by Telenor East Holding II AS represent 43.0% of our outstanding voting shares.

Please see the sections of this Annual Report on Form 20-F entitled "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—A disposition by one or both of our strategic shareholders of their respective stakes in VimpelCom or a change in control of VimpelCom could harm our business" and "—Litigation and disputes among our two largest shareholders and us could materially affect our business."

As reported on Schedule 13D, Amendment No. 17, filed on February 15, 2012, by Telenor East with the SEC, on February 15, 2012, Weather Investments II S.à r.l. ("Weather II") sold and transferred to Telenor East 234,000,000 of the convertible preferred shares that Weather II received in connection with the Wind Telecom Transaction, or approximately 54.0% of VimpelCom Ltd.'s outstanding convertible preferred shares. As a result, immediately following the transfer, Telenor East's voting interest increased from 25.0% to approximately 36.4% of VimpelCom Ltd.'s outstanding voting shares, and Weather II's voting interest decreased from approximately 29.6% to approximately 18.3% of VimpelCom Ltd.'s outstanding voting shares. On February 15, 2012, Telenor and Weather II also agreed to a put option with respect to the VimpelCom Ltd. convertible preferred shares retained by Weather II (the "Weather Put Option") and two call options with respect to the same shares retained by Weather II and any future convertible preferred shares of VimpelCom Ltd. that are issued to or acquired by Weather II or any of its affiliates or related parties.

As reported on Schedule 13D, Amendment No. 18, filed on April 4, 2012, by Telenor East with the SEC, on April 4, 2012, Telenor East acquired 65,000,000 VimpelCom Ltd. ADSs from JPMorgan. The acquisition was made in connection with the termination of a total return swap arrangement between Telenor and JPMorgan which related to the shares that Telenor East acquired. As a result, immediately following the acquisition, Telenor East's interest in common shares increased from approximately 31.7% to approximately 35.7% of VimpelCom Ltd.'s outstanding common shares, and Telenor East's voting interest increased from approximately 36.4% to approximately 39.5% of VimpelCom Ltd.'s outstanding voting shares.

As reported on Schedule 13D, Amendment No. 22, filed on August 16, 2012, by Telenor East with the SEC, on August 16, 2012, Telenor East announced that on August 15, 2012, Weather II exercised its rights under the Weather Put Options to sell 71,000,000 VimpelCom Ltd. convertible preferred shares to Telenor East. As reported on Schedule 13D, Amendment No. 23, filed on October 1, 2012, by Telenor East with the SEC, Telenor

East announced that it took delivery of such shares on September 28, 2012. VimpelCom Ltd. registered the share transfer following the cancellation of FAS injunctions that prohibited such transfer. As a result, Telenor East's interest in preferred shares increased from approximately 54.0% to approximately 70.4% of VimpelCom Ltd.'s outstanding convertible preferred shares, and Telenor East's voting interest increased from approximately 39.5% to approximately 43.0% of VimpelCom Ltd.'s outstanding voting shares.

As reported on Schedule 13D, Amendment No. 6, filed on August 15, 2012, by Altimo Coöperatief with the SEC, on August 15, 2012, Altimo Coöperatief purchased (i) 305,000,000 VimpelCom Ltd. common shares from Weather II, (ii) 12,000,000 VimpelCom Ltd. common shares from Natixis and (iii) 3,265,652 VimpelCom Ltd. common shares from a number of other investors. As a result of these transactions, Altimo Coöperatief's interest in common shares increased from approximately 31.4% to approximately 51.0% of VimpelCom Ltd.'s outstanding common shares, and Altimo Coöperatief's voting interest increased from approximately 25.0% to approximately 40.5% of VimpelCom Ltd.'s outstanding voting shares. As reported on Schedule 13D, Amendment No. 7, filed on October 5, 2012, by Altimo Coöperatief with the SEC, between August 17, 2012 and October 4, 2012, Altimo Coöperatief purchased 27,213,111 VimpelCom Ltd. common shares of which (i) 23,449,768 were purchased on the open market, (ii) 1,614,474 were purchased on September 4, 2012, from Natixis, (iii) 288,042 were purchased on September 4, 2012, from Thursday Holding and (iv) 1,860,827 were purchased on October 2, 2012, from East Capital. As a result of these transactions, Altimo Coöperatief's interest in common shares increased from approximately 51.0% to approximately 52.7% of VimpelCom Ltd.'s outstanding common shares, and Altimo Coöperatief's voting interest increased from approximately 40.5% to approximately 41.9% of VimpelCom Ltd.'s outstanding voting shares. As reported on Schedule 13D, Amendment No. 8, filed on October 29, 2012, by Altimo Coöperatief with the SEC, on October 26, 2012, Altimo Coöperatief agreed to purchase 123,600,000 VimpelCom Ltd. convertible preferred shares from Bertofan Investments Limited within 60 days. As reported on Schedule 13D, Amendment No. 9, filed on December 20, 2012, by Altimo Coöperatief with the SEC, on December 20, 2012 Altimo Coöperatief acquired such shares from Bertofan pursuant to the agreement between the parties. As a result of this transaction, Altimo Coöperatief's interest in convertible preferred shares increased from approximately 1.1% to approximately 29.7% of VimpelCom Ltd.'s outstanding convertible preferred shares, and Altimo Coöperatief's voting interest increased from approximately 41.9% to approximately 47.9%.

As reported on Schedule 13D, Amendment No. 10, filed on December 26, 2012 by Altimo Coöperatief with the SEC, on December 21, 2012, Altimo Coöperatief issued notice to VimpelCom Ltd. pursuant to Section 4.3(d) of its bye-laws, stating its present intention to convert 128,532,000 convertible preferred shares to common shares at the ratio of one convertible preferred share to one common share and setting forth a conversion date of April 16, 2013. As reported on Schedule 13D, Amendment No. 12, filed on April 23, 2013 by Altimo Coöperatief with the SEC, on April 16, 2013, Altimo Coöperatief paid to VimpelCom Ltd. a conversion premium of \$1,392,644,220 (or \$10.835 per share), and Altimo Coöperatief's 128,532,000 shares of convertible preferred shares automatically converted into 128,532,000 common shares.

As reported on Schedule 13D, Amendment No. 15, filed on February 19, 2014 by Altimo Coöperatief with the SEC, Roniju Holdings Limited ("Roniju"), as of February 18, 2014, directly owned a majority of the shares of Letterone Holdings S.A. and, in such capacity, may have been deemed to be the beneficial owner of 986,572,563 VimpelCom Ltd. common shares. As reported on Schedule 13D, Amendment No. 16, filed on December 18, 2014 by Altimo Coöperatief with the SEC, on December 16, 2014, Roniju completed an internal reorganization, and as part of that reorganization, the shares in Letterone Holdings S.A. owned by Roniju (which constituted a controlling interest in Letterone Overseas Investments Limited and the indirect ownership of the 986,572,563 VimpelCom Ltd. common shares) were transferred to three separate entities.

Based on a review of our register of members maintained in Bermuda, as of March 1, 2015, 100% of our issued common shares were held of record by BNY (Nominees) Limited in the United Kingdom, as agent of The Bank of New York Mellon, for purposes of our ADR program, and 100% of our issued preferred shares were held of record by Telenor East in Norway. It is likely that there are a number of holders of our ADRs in the United States.

B. Related Party Transactions

In addition to the transactions described below, VimpelCom has also entered into transactions with related parties and VimpelCom affiliates as part of the ordinary course of business. These mainly relate to ordinary course telecommunications operations, such as interconnection and roaming. Their terms vary according to the nature of the services provided thereunder. VimpelCom and certain of its subsidiaries also have general services agreements relating to the conduct of business and from time to time enter into financing transactions within the VimpelCom Group.

For more information on our related party transactions, see Note 25 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Related Party Transactions with Major Shareholders and their Affiliates

Related Party Transactions with Telenor and its Affiliates

Service Agreements

VimpelCom is a party to a service agreement with Telenor, dated as of March 8, 2011, under which Telenor renders to VimpelCom or its affiliates services related to telecommunication operations, including management advisory services, training, technical assistance and network maintenance, industry information research and consulting, implementation support for special projects and other services as mutually agreed by Telenor and VimpelCom. VimpelCom pays Telenor annually US\$1.5 million for the services.

On June 19, 2009, Kyivstar entered into an agreement with LLC Miratech Corporation, a Telenor affiliate, regarding the outsourcing of IT professionals to Kyivstar. Payment provisions under this agreement provide for monthly payments in accordance with performed works. This agreement is valid until June 30, 2015.

On August 25, 2010, Kyivstar entered into an agreement with LLC Miratech Corporation for provision of various IT services to Kyivstar. The payment provisions under this agreement provide for monthly payments based on works performed. The agreement was valid until the end of 2014. Following a competitive tender procedure for the selection of a service provider in 2014, this agreement was extended until December 31, 2017.

A number of our operating companies have roaming agreements with the following mobile operators that are Telenor affiliates: Grameenphone Limited (Bangladesh), Telenor Norge AS (Denmark), Telenor Magyarorszag Zrt. (Hungary), DiGi Telecommunications Sdn. Bhd. (Malaysia), Telenor (Montenegro), Telenor Pakistan (Pvt) Ltd. (Pakistan), Telekom d.o.o. (Serbia), Telenor Sverige AB (Sweden) and Total Access Communication Public Company Limited (dtac) (Thailand).

Related Party Transactions with LetterOne and its Affiliates

Service Agreements

VimpelCom is a party to a General Services Agreement with LetterOne Corporate Advisor Limited, dated December 1, 2010, under which LetterOne Corporate Advisor Limited renders to VimpelCom and its affiliates services related to telecommunication operations, including management advisory services, training, technical assistance and network maintenance, industry information research and consulting, implementation support for special projects and other services as mutually agreed by LetterOne Corporate Advisor Limited and VimpelCom. VimpelCom pays LetterOne Corporate Advisor Limited annually US\$1.5 million for the services. VimpelCom is also party to a Consultancy Deed with LetterOne Corporate Advisor Limited, dated August 21, 2013, under which LetterOne Corporate Advisor Limited provides additional consultancy services to VimpelCom for which VimpelCom pays annually US\$3.5 million. The General Services Agreement and Consultancy Deed were originally entered into by VimpelCom and Altimo Management Services Ltd., but the latter was replaced by LetterOne Corporate Advisor Limited pursuant to a Deed of Assignment and Novation dated June 3, 2014.

Related Party Transactions with Alfa Group and its Affiliates

Agreement relating to VimpelCom Ltd. Transaction

CTF Holdings Limited, an affiliate of the Alfa Group and a former affiliate of Storm LLC (a former Kyivstar shareholder), entered into a guarantee dated October 4, 2009 in favor of VimpelCom Ltd., Kyivstar and Storm LLC, pursuant to which CTF Holdings Limited guaranteed Altimo Holdings' performance of its indemnification obligations in respect of Storm under the Share Exchange Agreement in relation to the VimpelCom Ltd. transaction between certain members of the Alfa Group and certain members of the Telenor Group, dated October 4, 2009 (the "VimpelCom Ltd. SEA"). CTF Holdings Limited's maximum aggregate liability under the guarantee is limited to US\$500.0 million. The guarantee terminated in 2014.

Credit Facilities

Please see the section of this Annual Report on Form 20-F entitled "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financing Activities—VimpelCom Amsterdam B.V. financing" for a description of credit facilities with Alfa-Bank.

Other Transactions

In the ordinary course of business, we maintain some of our bank accounts, and place time deposits with, Alfa-Bank, which is part of the Alfa Group and also a corporate client of OJSC VimpelCom. We also have agreements in place with Alfa Strakhovaniye JSC, which is also part of the Alfa Group, for the provision of insurance coverage.

VimpelCom Ltd. Registration Rights Agreement

The Registration Rights Agreement between VimpelCom, the Telenor Group companies party thereto and the Altimo Group companies party thereto requires us to use our best efforts to effect a registration under the Securities Act, if requested by one of the shareholders party to the VimpelCom Ltd. Registration Rights Agreement, of our securities held by such party in order to facilitate the sale and distribution of such securities in an underwritten offering. Pursuant to the Registration Rights Agreement, on May 23, 2014 we filed a registration statement on Form F-3 with the SEC using a "shelf" registration process, as a "well-known seasoned issuer" as defined in Rule 405 under the Securities Act. Under this shelf registration process, a selling shareholder may from time to time sell VimpelCom common shares, which may be represented by ADSs, in one or more offerings, upon the filing of one or more prospectus supplements or post effective amendments.

Related Party Transactions with Joint Ventures and Associates

Associates Firma Kurier

OJSC VimpelCom has arrangements in place to receive bill delivery services from Firma Kurier. Firma Kurier was an affiliate of OJSC VimpelCom until August 18, 2014, when OJCS VimpelCom sold its interest in Firma Kurier.

Euroset

OJSC VimpelCom has commercial contracts with Euroset, which became an associate in October 2008. In 2014 OJSC VimpelCom recognized \$11.3 million of revenue from Euroset primarily for mobile and fixed line services and from the sale of equipment and accessories. OJSC VimpelCom accrued to Euroset certain expenses totaling US\$36.9 million in 2014, primarily dealer commissions and bonuses for services for acquisition of new customers, customer care and receipt of customers' payments. In addition, OJSC VimpelCom purchased equipment and accessories from Euroset in 2014 for \$4.1 million.

SPAL

WIND holds a 33% stake in SPAL TLC S.p.A. (“SPAL”). SPAL is WIND’s largest distributor in terms of points of sale, and SPAL has an exclusive distribution arrangement with WIND through December 31, 2016 which grants SPAL the right to be WIND’s exclusive distributor with respect to retail stores with certain exceptions (e.g., stores having a direct relationship with WIND). In 2014, WIND recognized US\$26 million of revenue from SPAL and accrued to SPAL certain expenses totaling US\$34 million.

WIND Canada

VimpelCom and GTH provided loans to Wind Canada in aggregate principal amount of US\$2.24 billion to fund acquisition of licenses and ongoing operations. On September 16, 2014, VimpelCom and GTH agreed to sell all of their debt and equity interest in Wind Canada to Globalive Capital (formerly AAL Holdings), the controlling shareholder of Wind Canada, and certain investment funds for approximately CAD 135 million, with the proceeds going to VimpelCom in repayment of part of the debt owed to VimpelCom. At the same time, GTH was released from all of its obligations under the related Shareholders Agreement and certain debt obligations of Wind Canada.

Related Party Transactions with supervisory board and management board members

Compensation paid to the supervisory board and management board members is disclosed in “Item 6—Directors, Senior Management and Employees—B. Compensation”. During 2014 and through the date of this Annual Report, none of our supervisory board and management board members have been involved in any related party transactions with us.

ITEM 8. Financial Information

A. Consolidated Statements and Other Financial Information

See “Item 18—Financial Statements” and the financial statements referred to therein.

Legal Proceedings

For information on the legal proceedings our companies are involved in, please see Note 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. For details of the investigations by the SEC, DOJ and OM, please see “Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We are subject to investigations by the SEC, DOJ and OM, and are conducting an internal investigation. We are unable to predict the duration, scope or results of these investigations or their impact on us.”

Policy on Dividend Distributions

In January 2014, our supervisory board approved a dividend policy pursuant to which from 2014 we aim to pay annual dividends of USD 0.035 per share until we reach a group Net Debt to EBITDA ratio of less than 2.0. The precise amount and timing of dividends for a particular year will be approved by our supervisory board, subject to the following constraints and guidelines:

A. Our supervisory board may consider various factors in determining the amount of dividends such as investment opportunities, capital market expectations, debt repayments schedules, desired level of leverage, share repurchase programs and any other factors at the discretion of our supervisory board.

B. All dividend decisions shall be taken assuring that the covenants or other restrictions in agreements to which the company or any subsidiary is a party shall be satisfied and that the company’s operating subsidiaries shall be in compliance with any law restricting the distribution of dividends.

C. The exact amount and timing of any dividend declarations and payments will require, subject to the requirements of applicable law, the affirmative vote of at least five members of the supervisory board.

The financial terms referred to above are derived from and computed on the basis of measurements that appear in our audited annual consolidated IFRS financial statements. Unless otherwise specified, all financial measurements in these guidelines shall be calculated based on the financial statements for the year ended prior to the decision being taken. For interim dividends, these financial measurements shall be calculated based on the financial statements for the quarters in the year ended prior to the decision being taken (whether such financial statements are audited or unaudited).

Pursuant to Bermuda law, we are restricted from declaring or paying a dividend if there are reasonable grounds for believing that (a) we are, or would after the payment be, unable to pay our liabilities as they become due, or (b) the realizable value of our assets would as a result of the dividend be less than our liabilities. The supervisory board may, subject to our bye-laws and in accordance with Bermuda law, declare a dividend to be paid to the shareholders holding shares entitled to receive dividends, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in shares or other assets, including through the issuance of our shares or other securities, in which case the supervisory board may fix the value for distribution in specie of any assets, shares or securities. We are not required to pay interest on any unpaid dividend. In accordance with our bye-laws, dividends may be declared and paid in proportion to the amount paid up on each share. The holders of common shares are entitled to dividends if the payment of dividends is approved by the supervisory board. The holders of convertible preferred shares are not entitled to receive dividends.

In November 2014, we announced the payment of a dividend of US\$0.035 per common share. The dividends were paid in December 2014.

We cannot assure you we will continue to pay dividends on our common shares and ADSs in the future and any decision by our company not to pay dividends or to reduce dividend payments in the future could adversely affect the value of our common shares or ADSs. For more information regarding certain risks involved in connection with the recommendation and payment of dividends, please see “Item 10—Additional Information—B. Memorandum and Articles of Association—Dividends and Dividend Rights,” “Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—As a holding company, VimpelCom depends on the performance of its subsidiaries” and “—Risks Related to the Ownership of Our ADSs—Various factors may hinder the declaration and payment of dividends.”

B. Significant Changes

Other than as disclosed in this Annual Report on Form 20-F, there have not been any significant changes since the date of the audited consolidated financial statements included as part of this Annual Report on Form 20-F.

ITEM 9. The Offer and Listing

A. Offer and Listing Details

Price history

The following table sets out, for the periods indicated, the reported high and low market quotations for our ADSs on the NYSE for periods prior to September 10, 2013, when we switched the listing of our ADSs to the NASDAQ Global Stock Market. Subsequent periods are based on NASDAQ market quotations. Each of our ADSs represents one of our common shares.

<u>Year Ended December 31</u>	<u>High</u>	<u>Low</u>
2010:		
Annual	US\$ 17.56	US\$ 13.96
2011:		
Annual	US\$ 15.69	US\$ 9.16
2012:		
Annual	US\$ 12.50	US\$ 7.23
2013:		
First Quarter	US\$ 12.55	US\$ 10.57
Second Quarter	US\$ 12.42	US\$ 9.65
Third Quarter	US\$ 11.75	US\$ 9.79
Fourth Quarter	US\$ 14.55	US\$ 11.75
2014:		
First Quarter	US\$ 12.72	US\$ 8.49
Second Quarter	US\$ 9.19	US\$ 7.54
Third Quarter	US\$ 8.94	US\$ 7.11
Fourth Quarter	US\$ 6.86	US\$ 3.29
Months		
September 2014	US\$ 8.94	US\$ 7.11
October 2014	US\$ 6.86	US\$ 5.69
November 2014	US\$ 6.40	US\$ 5.25
December 2014	US\$ 5.12	US\$ 3.29
January 2015	US\$ 4.28	US\$ 3.43
February 2015	US\$ 5.48	US\$ 4.12

B. Plan of Distribution

Not required.

C. Markets

Our ADSs are listed and traded on NASDAQ under the symbol “VIP.” NASDAQ is the principal trading market for the ADSs.

D. Selling Shareholders

Not required.

E. Dilution

Not required.

F. Expenses of the Issue

Not required.

ITEM 10. Additional Information

A. Share Capital

Not required.

B. Memorandum and Articles of Association

We describe below the material provisions of our memorandum of association and bye-laws, certain provisions of Bermuda law relating to our organization and operation, and some of the terms of our share rights based on provisions of our memorandum of association and current bye-laws and applicable Bermuda law and certain agreements relating to our shares. Although we believe that we have summarized the material terms of our memorandum of association and bye-laws, Bermuda legal requirements and our share capital, this summary is not complete and is qualified in its entirety by reference to our memorandum of association and bye-laws and applicable Bermuda law. All references to our bye-laws herein, unless otherwise noted, are to Section B of our bye-laws, which were originally approved on April 20, 2010 by our shareholders and which were amended and again approved by our shareholders on September 25, 2013.

The affirmative vote of at least 75.0% of the voting shares present at a shareholders meeting is required to approve amendments to our bye-laws.

General

VimpelCom is an exempted company limited by shares registered under the Companies Act 1981 of Bermuda (“the Companies Act”) on June 5, 2009, and our registered office is located at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. Our registration number with the Registrar of Companies in Bermuda is 43271. As set forth in paragraph 6 of our memorandum of association, our company was formed with unrestricted business objects. We are registered with the Dutch Trade Register (registration number 34374835) as a company formally registered abroad (*formeel buitenlandse kapitaalvennootschap*), as this term is referred to in the Dutch Companies Formally Registered Abroad Act (*Wet op de formeel buitenlandse vennootschappen*), which means that we are deemed a Dutch resident company for tax purposes in accordance with applicable Dutch tax regulations.

Our bye-laws are split into two distinct sets of bye-laws: Section A and Section B. Section A of our bye-laws were in effect until the October 4, 2009 shareholders agreement among Altimo, Telenor and us in relation to our company (the “VimpelCom Shareholders Agreement”) terminated on December 10, 2011. Termination of the VimpelCom Shareholders Agreement caused Section B of our bye-laws to automatically come into force to the exclusion of Section A of our bye-laws. References to our bye-laws in the following sections of this Item 10 are to Section B of our bye-laws.

Issued Share Capital

As of December 31, 2014, our authorized share capital is divided into common shares, par value US\$0.001, of which 2,759,171,827 are authorized and 1,756,731,135 are issued, and convertible preferred shares, par value US\$0.001, of which 305,000,000 are authorized and issued.

Subject to our bye-laws and to any shareholders’ resolution to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, our supervisory board

has the power to issue any authorized but unissued shares on such terms and conditions as it may determine. Further, subject to the provisions of Bermuda law, any of our preferred shares may be issued or converted into shares that (at a determinable date or at our option or the holder's option) are liable to be redeemed on such terms and in such manner as may be determined by the supervisory board before the issue or conversion.

The company may increase, divide, consolidate, change the currency or denomination of or reduce its share capital with the approval of its shareholders. Subject to Bermuda law and our bye-laws, all or any of the special rights for the time being attached to any class of shares for the time being in issue may be altered or abrogated with the consent in writing of the holders of the issued shares of such class carrying 75.0% or more of all of the votes capable of being cast at the relevant time at a separate general meeting of the holders of the shares of that class, or with the sanction of a resolution passed at a separate general meeting of the holders of shares of that class by a majority of the votes cast. All provisions of our bye-laws relating to general shareholder meetings shall apply to any such separate general meeting, except that the necessary quorum shall be one or more holders present in person or by proxy holding or representing at least one-third of the shares of the relevant class.

We may purchase our own shares for cancellation or acquire them as treasury shares in accordance with Bermuda law on such terms as the supervisory board may determine. As our common shares and convertible preferred shares have equal voting rights, we sometimes refer to them collectively as voting shares.

Our company may, under its bye-laws, at any time request any person it has cause to believe is interested in the shares of our company to confirm details of shares of our company in which that person holds an interest.

Common Shares

The holders of common shares are, subject to our bye-laws and Bermuda law, generally entitled to enjoy all the rights attaching to common shares.

Except for treasury shares, each fully paid common share entitles its holder to:

- participate in shareholder meetings;
- have one vote on all issues voted upon at a shareholder meeting, except for the purposes of cumulative voting for the election of the supervisory board, in which case each common share shall have the same number of votes as the total number of members to be elected to the supervisory board and all such votes may be cast for a single candidate or may be distributed between or among two or more candidates;
- receive dividends approved by the supervisory board;
- in the event of our liquidation, receive a pro rata share of our surplus assets; and
- exercise any other rights of a common shareholder set forth in our bye-laws and Bermuda law.

Convertible Preferred Shares

Except for treasury shares, each fully paid convertible preferred share entitles its holder to:

- participate in shareholder meetings;
- have one vote on all issues voted upon at a shareholder meeting, except for the purposes of cumulative voting for the election of the supervisory board, in which case each preferred share shall have the same number of votes as the total number of members to be elected to the board of directors and all such votes may be cast for a single candidate or may be distributed between or among two or more candidates;
- exercise any other rights of a preferred shareholder set forth in our bye-laws and Bermuda law.

The holders of convertible preferred shares are not entitled to receive dividends and are not entitled to any payment in respect of our surplus assets in the event of our liquidation. The holders of convertible preferred shares are, subject to our bye-laws and Bermuda law, entitled to convert their convertible preferred shares, at their option, at any time (a) after the date which is two years and six calendar months after the date of issue of the relevant convertible preferred shares but before the date which is five years after such date of issue and (b) during the period between the date on which a mandatory offer to acquire all common shares and all convertible preferred shares is announced and the final business day such offer is open for acceptance, in each case, in whole or in part, into common shares on the basis of one common share for one convertible preferred share. Upon conversion, the converting shareholder must pay to us a conversion premium per share equal to the greater of (1) the closing price of our common shares on the NASDAQ on the date of the conversion notice, and (2) the 30 day volume weighted average price on the NASDAQ of our common shares on the date of the conversion notice. The holders of convertible preferred shares have the same voting rights as the holders of common shares. Any convertible preferred shares not redeemed five years after their issue will be immediately redeemed by the company at a redemption price of US\$0.001 per share.

There are no sinking fund provisions attached to any of our shares. Holders of fully paid common shares or convertible preferred shares have no further liability to the company for capital calls.

All rights of any share of any class held in treasury are suspended and may not be exercised while the share is held by the company in treasury.

Shareholders' Meetings

Shareholders' meetings are convened and held in accordance with our bye-laws and Bermuda law. Registered holders of voting shares as of the record date for the shareholder meeting may attend and vote.

Annual General Meeting

Our bye-laws provide that our annual general meeting must be held each year at such time and place as the CEO or the supervisory board may determine.

The annual general meeting requires 30 clear days' prior notice be given to each shareholder entitled to attend and vote at such annual general meeting. The notice must state the date, place and time at which the meeting is to be held, that the election of directors will take place and, as far as practicable, any other business to be conducted at the meeting.

Under Bermuda law, shareholders may, at their own expense (unless the company otherwise resolves), require a company to: (a) give notice to all shareholders entitled to receive notice of the annual general meeting of any resolution that the shareholders may properly move at the next annual general meeting; and (b) circulate to all shareholders entitled to receive notice of any general meeting a statement in respect of any matter referred to in the proposed resolution or any business to be conducted at such general meeting. The number of shareholders necessary for such a requisition is either: (1) any number of shareholders representing not less than 5.0% of the total voting rights of all shareholders entitled to vote at the meeting to which the requisition relates; or (2) not less than 100 registered shareholders.

A shorter notice period will not invalidate a general meeting if it is approved by either: (a) in the case of an annual general meeting, all shareholders entitled to attend and vote at the meeting, or (b) in the case of a special general meeting, a majority of shareholders having the right to attend and vote at the meeting and together holding not less than 95.0% in nominal value of the shares giving a right to attend and vote at the meeting.

Special General Meeting

The CEO or the supervisory board may convene a special general meeting whenever in their judgment such a meeting is necessary. The supervisory board must, on the requisition in writing of shareholders holding not less than 10.0% of our paid up voting share capital, convene a special general meeting. Each special general meeting may be held at such time and place as the CEO or the supervisory board may appoint.

A special general meeting requires 30 clear days' notice be given to each shareholder entitled to attend and vote at such meeting. The notice must state the date, place and time at which the meeting is to be held and as far as possible any other business to be conducted at the meeting.

Our bye-laws state that notice for all shareholders' meetings may be given by:

- delivering such notice to the shareholder in person;
- sending such notice by letter or courier to the shareholder's address as stated in the register of shareholders;
- transmitting such notice by electronic means in accordance with directions given by the shareholder; or
- accessing such notice on our website.

Postponement or Cancellation of General Meeting

The supervisory board may postpone or cancel any general meeting called in accordance with the bye-laws (other than a meeting requisitioned by shareholders) provided that notice of postponement or cancellation is given to each shareholder before the time for such meeting.

Quorum

Subject to the Companies Act and our bye-laws, at any general meeting, two or more persons present in person at the start of the meeting and having the right to attend and vote at the meeting and holding or representing in person or by proxy at least 50.0% plus one voting share of our total issued voting shares at the relevant time will form a quorum for the transaction of business.

If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed canceled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place, or to such other day, time or place as the CEO may determine.

Voting Rights

Under Bermuda law, the voting rights of our shareholders are regulated by our bye-laws and, in certain circumstances, the Companies Act.

Subject to Bermuda law and our bye-laws, a resolution may only be put to a vote at a general meeting of any class of shareholders if:

- it is proposed by or at the direction of the supervisory board;
- it is proposed at the direction of a court;
- it is proposed on the requisition in writing of such number of shareholders as is prescribed by, and is made in accordance with, the relevant provisions of the Companies Act or our bye-laws; or
- the chairman of the meeting in his absolute discretion decides that the resolution may properly be regarded as within the scope of the meeting.

In addition to those matters required by Bermuda law or the NASDAQ rules to be approved by a simple majority of shareholders at any general meeting, the following actions require the approval of a simple majority of the votes cast at any general meeting:

- any sale of all or substantially all of our assets;
- the appointment of an auditor; and
- removal of directors.

Any question proposed for the consideration of the shareholders at any general meeting may be decided by the affirmative votes of a simple majority of the votes cast, except for:

- whitewash procedure for mandatory offers, which requires the affirmative vote of a majority of the shareholders voting in person or by proxy at a general meeting, excluding the vote of the shareholder or shareholders in question and their affiliates;
- voting for directors, which requires directors to be elected by cumulative voting at each annual general meeting;
- changes to our bye-laws, which require a resolution to be passed by shareholders representing not less than 75.0% of the total voting rights of the shareholders who vote in person or by proxy on the resolution;
- loans to any director, which require a resolution to be passed by shareholders representing not less than 90.0% of the total voting rights of the shareholders who vote in person or by proxy on the resolution; and
- the discontinuation of VimpelCom Ltd. to a jurisdiction outside Bermuda, which requires a resolution to be passed by shareholders representing not less than 75.0% of the total voting rights of the shareholders who vote in person or by proxy on the resolution.

Our bye-laws require voting on any resolution at any meeting of the shareholders to be conducted by way of a poll vote. Except where cumulative voting is required, each person present and entitled to vote at a meeting of the shareholders shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot or, in the case of a general meeting at which one or more shareholders are present by electronic means, in such manner as the chairman of the meeting may direct. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Voting Rights of Common Shares

The holders of common shares, subject to the provisions of our bye-laws, are entitled to one vote per common share, voting together with the convertible preferred shares as a single class, except where cumulative voting applies when electing directors.

Voting Rights of Convertible Preferred Shares

The holders of convertible preferred shares, subject to the provisions of our bye-laws, are entitled to one vote per convertible preferred share, voting together with the common shares as a single class, except where cumulative voting applies when electing directors.

Foreign Shareholders

There are no requirements or restrictions with respect to foreign ownership of our shares.

Supervisory Board and Management Board

Our company is governed by our supervisory board currently consisting of nine directors.

The supervisory board generally delegates management of our company to the management board which sub-delegates management to the CEO, subject to certain material business decisions that are reserved to the supervisory board. The management board consists of the CEO and other senior executives. The CEO has exclusive authority to identify and recommend our senior executives to the supervisory board for the supervisory board's ratification.

All directors are elected by our shareholders through cumulative voting. Each voting share confers on its holder a number of votes equal to the number of directors to be elected. The holder may cast those votes for candidates in any proportion, including casting all votes for one candidate.

Under our bye-laws, the amount of any fees or other remuneration payable to directors is determined by the supervisory board upon the recommendation of the compensation committee. We may repay to any director such reasonable costs and expenses as he may incur in the performance of his duties.

The supervisory board has the power to borrow on the company's behalf and delegates that authority to the management board, subject to the restrictions set forth in our bye-laws.

There is no requirement for the members of our supervisory board to own shares. A director who is not a shareholder will nevertheless be entitled to attend and speak at general meetings and at any separate meeting of the holders of any class of shares.

Neither Bermuda law nor our bye-laws establish any mandatory retirement age for our directors or executive officers.

Dividends and Dividend Rights

Pursuant to Bermuda law, we are restricted from declaring or paying a dividend if there are reasonable grounds for believing that (a) we are, or would after the payment be, unable to pay our liabilities as they become due, or (b) the realizable value of our assets would as a result of the dividend be less than the aggregate of our liabilities.

The supervisory board may, subject to our bye-laws and in accordance with Bermuda law, declare a dividend to be paid to the shareholders holding shares entitled to receive dividends, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in shares or other assets, including through the issuance of our shares or other securities, in which case the supervisory board may fix the value for distribution in specie of any assets, shares or securities. We are not required to pay interest on any unpaid dividend.

In accordance with our bye-laws, dividends may be declared and paid in proportion to the amount paid up on each share. The holders of common shares are entitled to dividends if the payment of dividends is approved by the supervisory board. The holders of convertible preferred shares are not entitled to receive dividends.

Dividends unclaimed for a period of seven years from the date of payment may be forfeited.

Our bye-laws and Bermuda law do not provide for pre-emptive rights of shareholders in respect of new shares issued by us.

There is no statutory regulation of the conduct of takeover offers and transactions under Bermuda law. However, our bye-laws provide that any person who, individually or together with any of its affiliates or any other members of a group, acquires beneficial ownership of any common shares or convertible preferred shares which, taken together with common shares and/or convertible preferred shares already beneficially owned by it or any of its affiliates or its group, in any manner, carry 50.0% or more of the voting rights of our outstanding voting shares, must, within 30 days of acquiring such shares, make a general offer to all holders of common shares (including any common shares issued on the conversion of convertible preferred shares during the offer period) and convertible preferred shares to purchase their shares.

Interested Party Transactions

The supervisory board and the management board have the right to approve transactions with interested parties, subject to Bermuda law. Prior to approval by the supervisory board or the management board, as the case may be, on such transaction, all interests must be fully disclosed. An interested director may participate in the discussion and vote on such a transaction, unless otherwise restricted by applicable law or in accordance with our bye-laws.

Liquidation Rights

If VimpelCom is wound up, the liquidator may, with the sanction of a resolution of the shareholders, divide among the shareholders in specie or in kind the whole or any part of our assets (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the same sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the shareholders as the liquidator thinks fit, but so that no shareholder may be compelled to accept any shares or other securities or assets on which there is any liability.

The holders of common shares, in the event of our winding-up or dissolution, are entitled to our surplus assets in respect of their holdings of common shares, *pari passu* and *pro rata* to the number of common shares held by each of them. The holders of convertible preferred shares, in the event of our winding-up or dissolution, are not entitled to any payment or distribution in respect of our surplus assets.

Share Registration, Transfers and Settlement

All of our issued shares are registered. The register of members of a company is generally open to inspection by shareholders and by members of the general public without charge. The register of members is required to be open for inspection for not less than two hours in any business day (subject to the ability of a company to close the register of members for not more than 30 days in a year). A company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside of Bermuda. A company is required to keep at its registered office a register of directors and officers that is open for inspection for not less than two hours in any business day by members of the public without charge. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

C. Material Contracts

None.

D. Exchange Controls

We have been designated by the Bermuda Monetary Authority as non-resident of Bermuda for Bermuda exchange control purposes. This designation allows us to engage in transactions in currencies other than the Bermuda dollar, and there are no restrictions on our ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to United States or other non-Bermuda residents who are holders of our common shares or convertible preferred shares.

For the purposes of Bermuda exchange control regulations, there are no limitations on the issue and free transferability of our common shares and convertible preferred shares or our ADSs representing common shares to and between non-residents of Bermuda for exchange control purposes, provided our ADSs remain listed on an appointed stock exchange (which includes NASDAQ). Certain issues and transfers of common shares and convertible preferred shares involving persons deemed resident in Bermuda for exchange control purposes may require the specific consent of the Bermuda Monetary Authority.

E. Taxation

The following discussion generally summarizes certain material United States federal and Dutch income and withholding tax consequences to a beneficial owner arising from the ownership and disposition of our common shares or ADSs. The discussion which follows is based on (a) the United States Internal Revenue Code of 1986, as amended, which we refer to in this Annual Report on Form 20-F as the Internal Revenue Code, the Treasury regulations promulgated thereunder, and judicial and administrative interpretations thereof, (b) Dutch law and (c) the Convention (defined in “—Dutch Tax Considerations” below) as in effect on the date hereof, and is subject to any changes (possibly on a retroactive basis) in these or other laws occurring after such date. It is also based, in part, on representations of the depositary, and assumes that each obligation in the deposit agreement and any related agreements will be performed in accordance with its terms.

The discussion which follows is intended as a descriptive summary only and is not intended as tax advice to any particular investor. It is also not a complete analysis or listing of all potential United States federal or Dutch income and withholding tax consequences to a prospective holder of ADSs or common shares. Each investor is urged to consult its own tax advisor regarding the specific United States federal, state, and local and Dutch tax consequences of the ownership and disposition of the ADSs or common shares and regarding the effect and applicability of tax treaties.

United States Federal Income Tax Considerations

This summary of United States federal income and withholding tax consequences applies to a U.S. Holder of ADSs or common shares. As used herein, the term U.S. Holder means a beneficial owner of common shares that is: (i) an individual citizen or resident of the United States for United States federal income tax purposes; (ii) a corporation or partnership created or organized in or under the laws of the United States or a political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons, within the meaning of Section 7701(a)(30) of the Internal Revenue Code, have authority to control all substantial decisions of the trust, or a trust in existence on August 20, 1996, which was treated as a U.S. person under the law in effect immediately before that date which made a valid election to continue to be treated as a U.S. person under the Internal Revenue Code.

Since the United States federal income and withholding tax treatment of a U.S. Holder may vary depending upon particular situations, certain U.S. Holders (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, U.S. Holders subject to the alternative minimum tax, U.S. Holders who are broker-dealers in securities, U.S. Holders that have a “functional currency” other than the U.S. dollar, U.S. Holders that received common shares as compensation for services, and U.S. Holders that own, directly, indirectly or by attribution, 5.0% or more of the outstanding common shares) may be subject to special rules not discussed below. In addition, this summary is generally limited to U.S. Holders who will hold ADSs or common shares as “capital assets” within the meaning of Section 1221 of the Internal Revenue Code and not as part of a “hedging transaction,” “straddle” or “conversion transaction” within the meaning of Sections 1221, 1092 and 1258 of the Internal Revenue Code and the regulations thereunder. The discussion below also does not address the effect of any United States state or local tax law or foreign tax law on a U.S. Holder in the ADSs or common shares.

For purposes of applying United States federal income and withholding tax law, a U.S. Holder of ADSs will be treated as the owner of the underlying common shares represented thereby.

Taxation of dividends on ADSs or common shares

Subject to the discussion under the heading “—Passive foreign investment company,” the gross amount of any dividend received by a U.S. Holder (determined without deduction for any Dutch withholding taxes) with respect to ADSs or common shares generally will be subject to taxation as foreign source dividend income to the

extent such distributions are made from the current or accumulated earnings and profits of our company, as determined for U.S. federal income tax purposes. A dividend will be included in income when received by the U.S. Holder in the case of common shares or by the depositary in the case of ADSs. A U.S. corporate holder will not be allowed a deduction for dividends received in respect of distributions on ADSs or common shares. A distribution, if any, in excess of such current and accumulated earnings and profits first will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the ADSs or common shares, and thereafter as a capital gain. The portion of any distribution to a U.S. Holder treated as a non-taxable return of capital will reduce such holder's tax basis in such ADSs or common shares.

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by a U.S. Holder that is an individual with respect to the ADSs or common shares will be subject to U.S. taxation at a maximum current rate of 15.0%, or 20% depending on the income level of the individual, if the dividends are "qualified dividends." Dividends paid on the ADSs or common shares will be treated as qualified dividends if our company was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company, or PFIC. Based on our audited financial statements and relevant market and shareholder data, we believe that it was not treated as a PFIC for U.S. federal income tax purposes with respect to our prior taxable years. In addition, based on our financial statements and our current expectations regarding the value and nature of our assets and the sources and nature of our income, we do not anticipate being treated as a PFIC for our current taxable year. Individuals, estates and trusts with gross income in excess of US\$200,000 (US\$250,000 for joint filers) will be subject to an additional Medicare tax of 3.8% of net investment income, which generally includes dividends, in excess of certain thresholds.

The U.S. Treasury has announced its intention to promulgate rules pursuant to which holders of ADSs or common shares and intermediaries through whom such securities are held will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividends. Because such procedures have not yet been issued, it is not clear whether our company will be able to comply with them. Holders of our ADSs and common shares should consult their own tax advisors regarding the availability of the reduced dividend tax rate in the light of their own particular circumstances.

If a dividend is paid in Euros, the amount included in gross income by a U.S. Holder will be the U.S. dollar value, on the date of receipt by the U.S. Holder (or by the depositary, in the case of ADSs), of the Euro amount distributed, regardless of whether the payment is actually converted into U.S. dollars. Any gain or loss resulting from currency exchange rate fluctuations during the period from the date the dividend is included in the income of the U.S. Holder to the date the Euros are converted into U.S. dollars generally will be treated as ordinary income or loss from U.S. sources.

To the extent described under "—Dutch Tax Considerations," dividends we pay with respect to the ADSs to U.S. Holders may be subject to withholding tax imposed by the Netherlands at a rate of 15.0%. Subject to certain conditions and limitations, tax withheld by the Netherlands on dividends may be deducted from a U.S. Holder's U.S. taxable income or credited against a U.S. Holder's U.S. federal income tax liability. Dividends received by a U.S. Holder with respect to the ADSs will be treated as foreign source income, which may be relevant in calculating such holder's foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends we distribute generally will constitute "passive income," or, in the case of certain U.S. Holders that are members of a financial services group or persons predominantly engaged in the active conduct of a banking, insurance, financing or similar business, "general category income."

Taxation on sale or exchange of ADSs or common shares

Subject to the discussion under the heading "—Passive foreign investment company," the sale of ADSs or common shares generally will result in the recognition of U.S.-source gain or loss in an amount equal to the

difference between the amount realized on the sale and the U.S. Holder's adjusted basis in such ADSs or common shares. If a U.S. Holder disposes of ADSs or common shares for foreign currency, the amount realized will generally be the U.S. dollar value of the payment received, determined using the spot rate on the settlement date for the sale. Gain or loss upon the sale of ADSs or common shares will be capital gain or loss and will be long-term capital gain or loss if the ADSs or common shares have been held for more than one year. Long-term capital gain realized by a U.S. Holder with respect to ADSs or common shares will be subject to tax at a maximum current rate for individuals of 15%, or 20.0% depending on the individual's income level, and generally 35.0% for corporations. However, special rules may apply to a redemption of common shares which may result in the proceeds of the redemption being treated as a dividend. Certain limitations exist on the deductibility of capital losses by both corporate and individual taxpayers. If a U.S. Holder receives a currency other than the U.S. dollar (e.g., Euros) upon a sale or exchange of ADSs or common shares, gain or loss, if any, recognized on the subsequent sale, conversion or disposition of such currency will be U.S. source ordinary income or loss. However, if such currency is converted into U.S. dollars on the date received by the U.S. Holder, the U.S. Holder generally should not be required to recognize any additional gain or loss on such conversion.

In addition, individuals, estates and trusts with an adjusted gross income in excess of US\$200,000 (US\$250,000 for joint filers) are subject to an additional Medicare tax of 3.8% of net investment income, which generally includes capital gains, in excess of certain thresholds.

Passive foreign investment company

In general, the foregoing discussion assumes that we are not currently, and will not be in the future, classified as a passive foreign investment company, which we refer to in this discussion as a PFIC, within the meaning of the Internal Revenue Code. Generally, if during any taxable year of a non-U.S. corporation, 75.0% or more of such non-U.S. corporation's gross income consists of certain kinds of "passive" income, or if 50.0% or more of the gross value of such non-U.S. corporation's assets are "passive assets" (generally assets that generate passive income), such non-U.S. corporation will be classified as a PFIC for such year.

Based on our current and projected income, assets and activities, we do not believe that we will be classified as a PFIC for our current or any succeeding taxable year. However, because PFIC status is a factual matter that must be determined annually, there can be no assurances in this regard.

Consequences of PFIC classification. If we were classified as a PFIC for any taxable year in which a U.S. Holder is a holder of ADSs or common shares, such holder would be subject to special rules, generally resulting in increased tax liability in respect of gain realized on the sale or other disposition of ADSs or common shares or upon the receipt of certain distributions on ADSs or common shares. For example, gain recognized on disposition of PFIC stock or the receipt of an "excess distribution" from a PFIC is: (1) treated as if it were ordinary income earned ratably on each day in the taxpayer's holding period for the stock at the highest marginal rate in effect during the period in which it was deemed earned and (2) subject to an interest charge as if the resulting tax had actually been due in such earlier year or years. An "excess distribution" is the amount of any distribution received by a U.S. Holder during the taxable year that exceeds 125.0% of the immediately preceding three-year average of distributions received from the corporation, subject to certain adjustments.

A disposition is defined to include, subject to certain exceptions, any transaction or event that constitutes an actual or deemed transfer of property for any purpose under the Internal Revenue Code, including a sale, exchange, gift, transfer at death, and the pledging of PFIC stock to secure a loan. The foregoing rules will continue to apply with respect to a U.S. Holder who held the common shares while we met the definition of a PFIC even if we cease to meet the definition of a PFIC. You are urged to consult your own tax advisors regarding the consequences of an investment in a PFIC.

QEF Election. A U.S. Holder of a PFIC who makes a Qualified Electing Fund election, or a QEF Election, will be taxable currently on its pro rata share of the PFIC's ordinary earnings and net capital gain, unless it makes

a further election to defer payments of tax on amounts included in income for which no distribution has been received, subject to an interest charge. Special adjustments are provided to prevent inappropriate double taxation of amounts so included in a U.S. Holder's income upon a subsequent distribution or disposition of the stock.

For a U.S. Holder to qualify for treatment under the QEF election, we would be required to provide certain information to the U.S. Holder. Although we have not definitively decided whether we would provide such information, we do not currently intend to do so.

Mark to market election. A U.S. Holder of "marketable stock" under the PFIC rules may be able to avoid the imposition of the special tax and interest charge by making a "mark-to-market election." Generally, pursuant to this election, a U.S. Holder would include in ordinary income, for each taxable year during which such stock is held, an amount equal to the increase in value of the stock, which increase will be determined by reference to the value of such stock at the end of the current taxable year as compared with its value as of the end of the prior taxable year. A U.S. Holder desiring to make the mark-to-market election should consult its tax advisor with respect to the application and effect of making such election.

United States information reporting and backup withholding

Distributions made on ADSs or common shares and proceeds from the sale of common shares or ADSs that are paid within the United States or through certain U.S.-related financial intermediaries to a U.S. Holder are subject to information reporting and may be subject to a "backup" withholding tax unless, in general, the U.S. Holder complies with certain procedures or is a person exempt from such withholding. A holder that is not a U.S. person generally is not subject to information reporting or backup withholding tax, but may be required to comply with applicable certification procedures to establish that he is not a U.S. person in order to avoid the application of such information reporting requirements or backup withholding tax to payments received within the United States or through certain U.S.-related financial intermediaries.

Individuals will be required to attach certain information regarding "specified foreign financial assets" to their U.S. federal income tax returns for any year in which the aggregate value of all such assets held by such individuals exceeds US\$50,000 on the last day of the taxable year or US\$75,000 at any time during the taxable year (higher thresholds apply for certain married individuals filing joint returns). A "specified foreign financial asset" includes any depository or custodial accounts at foreign financial institutions, and to the extent not held in an account at a financial institution, (1) stocks or securities issued by non-U.S. persons, and (2) any interest in a non-U.S. entity. Our company is a non-U.S. person and entity for this purpose. Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets. U.S. Holders should consult their tax advisors regarding the potential application of these new rules to their ownership of ADSs or common shares.

Dutch Tax Considerations

The following summary solely addresses the material Dutch tax consequences for a Non-resident holder (as described below), including a U.S. Holder, of our ADSs in respect of their disposition or acquisition. This summary does not address every aspect of Dutch taxation that may be relevant to you, as a Non-resident holder, nor does it address special circumstances or treatment that may be available under applicable law. If you are a Non-resident holder, you should consult your own tax advisor for more information about the tax consequences of your owning and disposing of our ADSs.

Where English terms and expressions are used in this summary to refer to Dutch concepts, the intended meanings are those of the equivalent Dutch concepts under Dutch tax law. Where in this taxation summary the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands.

This summary is based on the tax law of the Netherlands, excluding unpublished case law, in effect as of the date of this Annual Report on Form 20-F. However, Dutch tax law is subject to change, sometimes on a retroactive basis. In addition, any change to our organizational structure or to the manner in which we conduct our business may affect the matters summarized below.

Where in this summary reference is made to a “holder” of our ADSs, that concept includes, without limitation:

1. an owner of one or more ADSs who in addition to the title to such ADSs has an economic interest therein;
2. a person who or an entity that holds the entire economic interest in one or more ADSs;
3. a person who or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more ADSs within the meaning of 1. or 2. above; and
4. a person who is deemed to hold an interest in ADSs, as referred to under 1, 2 and 3 above, pursuant to the attribution rules of article 2.14a, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), with respect to property that has been segregated, for instance in the form of a trust or a foundation.

Income and capital gains taxes

For purposes of this section, you are a “Non-resident holder” if you satisfy the following tests:

(a) you are neither resident, nor deemed to be resident, in the Netherlands for purposes of Dutch income tax or corporation tax, as the case may be;

(b) your ADSs and any benefits derived or deemed to be derived therefrom have no connection with your past, present or future employment, management activities and functions or membership of a management board (*bestuurder*) or a supervisory board (*commissaris*);

(c) your ADSs do not form part of a substantial interest or a deemed substantial interest in VimpelCom within the meaning of Chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*); and

(d) if you are not an individual, no part of the benefits derived from your ADSs is exempt from Dutch corporation tax under the participation exemption as laid down in the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

Generally, if you hold an interest in VimpelCom, such interest forms part of a substantial interest or a deemed substantial interest in VimpelCom if any one or more of the following circumstances is present:

(1) You alone or, if you are an individual, together with your partner, if any, own, or are deemed to own, directly or indirectly, either a number of shares in VimpelCom representing 5.0% or more of its total issued and outstanding capital (or the issued and outstanding capital of any class of its shares), or rights to acquire, directly or indirectly, shares, whether or not already issued, representing 5.0% or more of its total issued and outstanding capital (or the issued and outstanding capital of any class of its shares), or profit participating certificates (*winstbewijzen*) relating to 5.0% or more of its annual profit or to 5.0% or more of its liquidation proceeds.

(2) You have acquired or are deemed to have acquired your shares, profit participating certificates or rights to acquire shares in VimpelCom under a non-recognition provision.

(3) Your partner or any of your relatives by blood or by marriage in the direct line (including foster children) or of those of your partner has a substantial interest (as described under items (1) and (2) above) in VimpelCom.

A holder who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and his entitlement to benefits is considered a share or profit participating certificate, as the case may be.

If you are a holder of ADSs and you satisfy test (a) above but do not satisfy any one or more of tests (b), (c) and (d), this summary does not address your Dutch income tax position or corporation tax position, as the case may be.

If you are a Non-resident holder of ADSs, you will not be subject to any Dutch taxes on income or capital gains (other than the dividend withholding tax described below) in respect of any benefits derived or deemed to be derived by you from your ADSs, including any capital gain realized on the disposal thereof, except in the following circumstances:

(1) if you derive profits from an enterprise directly, or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, which enterprise either is managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in the Netherlands, and your ADSs are attributable to such enterprise; or

(2) if you are an individual and you derive benefits from your ADSs that are taxable as benefits from miscellaneous activities in the Netherlands.

If you are an individual and a Non-resident holder, you may derive, or be deemed to derive, benefits from your ADSs that are taxable as benefits from miscellaneous activities in the following circumstances, among others:

(a) if your investment activities go beyond the activities of an active portfolio investor, for instance in the case of use of insider knowledge (*voorkennis*) or comparable forms of special knowledge; or

(b) if you hold ADSs, whether directly or indirectly, and any benefits to be derived from such ADSs are intended, in whole or in part, as remuneration for activities performed by you or by a person who is a connected person to you, as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

Such benefits will be taxable in the Netherlands only if such activities are performed or deemed to be performed in the Netherlands.

Attribution rule

Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under eighteen years of age are attributed to the parent who exercises, or the parents who exercise, authority over the child, irrespective of the country of residence of the child.

Dividend withholding tax

Dividends distributed by VimpelCom to a Non-resident holder of ADSs generally are subject to a withholding tax imposed by the Netherlands at a rate of 15.0%.

The concept “dividends distributed by VimpelCom” as used in this section includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions and repayments of capital not recognized as paid-in for Dutch dividend withholding tax purposes;

- liquidation proceeds and proceeds of repurchase or redemption of shares in excess of the average capital recognized as paid-in for Dutch dividend withholding tax purposes;
- the par value of shares issued by VimpelCom to a holder of its shares or ADSs or an increase of the par value of shares, as the case may be, to the extent that it does not appear that a contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- partial repayment of capital, recognized as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), unless (a) VimpelCom's shareholders have resolved in advance to make such repayment and (b) the par value of the shares concerned has been reduced by an equal amount by way of an amendment to its memorandum of association.

If a Non-resident holder of ADSs is resident in the non-European part of the Kingdom of the Netherlands or in a country that has concluded a double taxation treaty with the Netherlands, such holder may be eligible for a full or partial relief from the dividend withholding tax, provided such relief is timely and duly claimed. Pursuant to Dutch rules to avoid dividend stripping, dividend withholding tax relief will only be available to the beneficial owner of dividends distributed by VimpelCom.

In addition, a Non-resident holder of ADSs that is not an individual, is entitled to an exemption from dividend withholding tax, provided that the following tests are satisfied:

1. it is, according to the tax law of a Member State of the European Union or a state designated by ministerial decree, that is a party to the Agreement regarding the European Economic Area, resident there and it is not transparent according to the tax law of such state;
2. any one or more of the following threshold conditions are satisfied:
 - a. at the time the dividend is distributed by VimpelCom, it holds shares representing at least 5.0% of the nominal paid up capital of VimpelCom; or
 - b. it has held shares representing at least 5.0% of the nominal paid up capital of VimpelCom for a continuous period of more than one year at any time during the four years preceding the time the dividend is distributed by VimpelCom; or
 - c. it is connected with VimpelCom within the meaning of article 10a, paragraph 4, of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*); or
 - d. an entity connected with it within the meaning of article 10a, paragraph 4, of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) holds at the time the dividend is distributed by VimpelCom, shares representing at least 5.0% of the nominal paid up capital of VimpelCom;
3. it is not considered to be resident outside the Member States of the European Union or the states designated by ministerial decree, that are a party to the Agreement regarding the European Economic Area under the terms of a double taxation treaty concluded with a third State; and
4. it does not perform a similar function as an investment institution (*beleggingsinstelling*) as meant by article 6a or article 28 of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

The exemption from dividend withholding tax is not available if pursuant to a provision for the prevention of fraud or abuse included in a double taxation treaty between the Netherlands and the country of residence of the Non-resident holder of ADSs, such holder would not be entitled to the reduction of tax on dividends provided for by such treaty. Furthermore, the exemption from dividend withholding tax will only be available to the beneficial owner of dividends distributed by VimpelCom if a Non-resident holder of ADSs is resident in a Member State of the European Union with which the Netherlands has concluded a double taxation treaty that provides for a reduction of tax on dividends based on the ownership of the number of voting rights, the test under 2.a. above is also satisfied if such holder owns 5.0% of the voting rights in VimpelCom.

If a Non-resident Holder of ADSs is subject to Dutch income tax or Dutch corporation tax in respect of any benefits derived or deemed to be derived from its ADSs, including any capital gain realized on the disposal thereof, it can generally credit Dutch dividend withholding tax against his Dutch income tax or its Dutch corporation tax liability, as applicable, and is generally entitled to a refund pursuant to a negative tax assessment if and to the extent the dividend withholding tax, together with any other creditable domestic and/or foreign taxes, exceeds his aggregate Dutch income tax or its aggregate Dutch corporation tax liability, respectively.

Pursuant to Dutch rules to avoid dividend stripping, a holder of ADSs who receives proceeds from such ADSs will not be recognized as the beneficial owner of such proceeds if, in connection with the receipt of the proceeds, it has given a consideration, in the framework of a composite transaction including, without limitation, the mere acquisition of one or more dividend coupons or the creation of short-term rights of enjoyment of shares (*kortlopende genotsrechten op aandelen*), whereas it may be presumed that (a) such proceeds in whole or in part, directly or indirectly, inure to a person who would not have been entitled to an exemption from, reduction or refund of, or credit for, dividend withholding tax, or who would have been entitled to a smaller reduction or refund of, or credit for, dividend withholding tax than the actual recipient of the proceeds; and (b) such person acquires or retains, directly or indirectly, an interest in VimpelCom shares, ADSs or similar instruments, comparable to its interest in ADSs prior to the time the composite transaction was first initiated.

Gift and inheritance taxes

If you are a holder of ADSs and dispose of ADSs by way of gift, in form or in substance, or if you are an individual and a holder of ADSs and you die, no Dutch gift tax or Dutch inheritance tax, as the case may be, will be due unless:

- you are, or at the time of your death you were, resident or deemed to be resident in the Netherlands for purposes of Dutch gift or inheritance tax, as applicable; or
- you make a gift of ADSs, then become a resident or deemed resident of the Netherlands, and die as a resident or deemed resident of the Netherlands within 180 days after the date of the gift.

For purposes of the above, a gift of ADSs made under a condition precedent (*opschortende voorwaarde*) is deemed to be made at the time the condition precedent is satisfied.

F. Dividends and Paying Agents

Not required.

G. Statement by Experts

Not required.

H. Documents on Display

We file and submit reports and other information with the SEC. Any documents that we file and submit with the SEC may be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. We file our annual reports on Form 20-F and submit our quarterly results and other current reports on Form 6-K.

I. Subsidiary Information

Not required.

ITEM 11. 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.

As of December 31, 2014 and 2013, the largest currency exposure risks for the group as a whole were in relation to the Russian ruble, the Euro, the Algerian dinar, the Pakistani rupee, the Bangladeshi taka, the Ukrainian hryvnia, the Kazakh tenge and the Uzbek som, because the majority of our cash flows from operating activities in Russia, Italy, Algeria, Pakistan, Bangladesh, Ukraine, Kazakhstan and Uzbekistan are denominated in these functional currencies, respectively, while our debt, if not incurred in or hedged to the aforementioned currencies, is primarily denominated in U.S. dollars.

We hold part of our readily available cash in subsidiaries in U.S. dollars in order to hedge against the risk of functional currency devaluation. We also hold part of our debt in Russian rubles and Euros to manage part of this risk. Nonetheless, if the U.S. dollar value of the Russian ruble, Euro, Algerian dinar, Pakistani rupee, Bangladeshi taka, Ukrainian hryvnia, Kazakh tenge or Uzbek som were to dramatically decline, it could negatively impact our ability to repay or refinance our U.S. dollar denominated indebtedness. Fluctuations in the value of the Russian ruble, Euro, Algerian dinar, Pakistani rupee, Bangladeshi taka, Ukrainian hryvnia, Kazakh tenge or Uzbek som against the U.S. dollar could adversely affect VimpelCom's financial condition and results of operations due to potential revaluation of U.S. dollar denominated indebtedness affecting net income through foreign exchange gain/loss.

Our treasury function has developed risk management policies that establish guidelines for limiting foreign currency exchange rate risk. For more information on risks associated with currency exchange rates, see the section of this Annual Report on Form 20-F entitled "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We are exposed to foreign currency exchange loss and currency fluctuation and convertibility risks."

The following table summarizes information, as of December 31, 2014, about the maturity of our financial instruments that are sensitive to foreign currency exchange rates, primarily represented by foreign currency denominated debt obligations:

	Aggregate nominal amount of total debt denominated in foreign currency outstanding as of December 31,					Fair Value as of December 31, 2014
	2015	2016	2017	2018	2019	
Total debt:						
Fixed Rate (US\$)	3,400.9	2,300.8	2,300.6	1,300.5	1,000.3	3,154.7
Average interest rate	8.1%	8.5%	8.5%	8.0%	7.7%	
Fixed Rate (RUB)	213.3	213.3	213.3	—	—	146.8
Average interest rate	9.0%	9.0%	9.0%	—	—	
Fixed Rate (other currencies)	11.6	10.8	—	—	—	12.8
Average interest rate	14.2%	14.2%	—	—	—	
Variable Rate (US\$)	14.5	—	—	—	—	95.1
Average interest rate	2.3%	—	—	—	—	
Variable Rate (other currencies)	—	—	—	—	—	—
Average interest rate	—	—	—	—	—	
	3,640.3	2,524.8	2,513.9	1,300.5	1,000.3	3,409.5

In accordance with our policies, we do not enter into any treasury management transactions of a speculative nature.

As of December 31, 2014, the interest rate risk on the financing of our group was limited as 76% of the group's total debt was fixed rate debt.

For more information on our market risks and financial risk management for derivatives and other financial instruments, see Notes 5 and 17 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

ITEM 12. Description of Securities other than Equity Securities

A. Debt Securities

Not required.

B. Warrants and Rights

Not required.

C. Other Securities

Not required.

D. American Depositary Shares

Fees paid by our ADS holders

The Bank of New York Mellon is the depository for our ADR program. Our depository collects its fees for delivery and surrender of ADRs directly from investors depositing shares or surrendering ADRs for the purpose of withdrawal. The depository collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. According to our deposit agreement with our depository, dated March 26, 2010 (the "Deposit Agreement"), holders of our ADRs may have to pay our depository, either directly or indirectly, fees or charges up to the amounts set forth in the table below.

<u>For:</u>	<u>Persons depositing or withdrawing shares or ADR holders must pay to the depository:</u>
Issuance of ADRs, including issuances resulting from a distribution of our shares or rights or other property	US\$5.00 (or less) per 100 ADRs (or portion of 100 ADRs)
Cancellation of ADRs for the purpose of withdrawal, including if the deposit agreement terminates	
Any cash distribution to ADR holders	US\$0.02 (or less) per ADR
Depository service	US\$0.02 (or less) per ADR per calendar year
Transfer and registration of shares on our share register to or from the name of the depository or its agent when a shareholder deposits or withdraws shares	Registration or transfer fees
Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)	Expenses of the depository
Converting foreign currency to U.S. dollars	Expenses of the depository
Taxes and other governmental charges the depository or the custodian have to pay on any ADR or share underlying an ADR, for example, stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the ADR depository or its agents for servicing the deposited securities	As necessary

Fees Payable by the Depositary to Us

Our depositary has agreed to reimburse us or pay us for:

- our continuing NASDAQ listing fees;
- certain maintenance costs for the ADR program, including expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile and telephone calls; and
- certain investor relationship programs or special investor relations promotional activities.

In certain instances, our depositary has agreed to provide additional payments to us based on changes in certain conditions relating to the ADR facility. According to our agreement with the depositary, there are limits on the amount of investor relations program or special relations promotional activities expenses for which our depositary will pay or reimburse us, but the amount of payment or reimbursement available to us is not tied to the amount of fees the depositary collects from investors.

From January 1, 2014 to December 31, 2014, the depositary reimbursed expenses of approximately US\$100,000 for maintenance costs for the ADRs, and reimbursed to us or paid on our behalf approximately US\$900,000 for investor relationship programs or special investor relations promotional activities.

PART II

ITEM 13. Defaults, Dividend Arrearages and Delinquencies

None.

ITEM 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not required.

ITEM 15. Controls and Procedures

(a) Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer, or “CEO,” and Chief Financial Officer, or “CFO,” of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 20-F. These disclosure controls and procedures include our Disclosure Review Committee’s review of the preparation of our Exchange Act reports. The Disclosure Review Committee also provides an additional verification of our disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon the evaluation, our CEO and CFO have concluded that as of December 31, 2014, our disclosure controls and procedures were effective in providing reasonable assurance that information required to be disclosed by us in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of our company's published consolidated financial statements under generally accepted accounting principles.

There are inherent limitations to the effectiveness of any system of controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the company's policies and procedures may deteriorate.

Our management has assessed the effectiveness of our company's internal control over financial reporting as of December 31, 2014. In making its assessment, our management has utilized the criteria set forth in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and the Securities and Exchange Commission's Guidance Regarding Management's Report on Internal Control Over Financial Reporting Under Section 13(a) or 15(d) of the Exchange Act.

As a result of management's assessment of our internal control over financial reporting as of December 31, 2014, management concluded that our internal control over financial reporting was effective.

Remediation of Material Weaknesses

We previously reported material weaknesses that were identified as of December 31, 2013 relating to the design and operating effectiveness of our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control 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 as of December 31, 2013 did not result in a material misstatement of our consolidated financial statements. The material weaknesses resulted from a lack of control in the CIS business unit regarding procurement processes, capitalization of fixed assets and review of results of operations by headquarters personnel to permit the timely detection of circumvention or overriding of internal control over financial reporting. During 2014, we took a number of remediation measures to address the previously identified material weaknesses.

- We remediated our procedures related to contract verification and fixed asset controls within the CIS business unit and carried out additional procedures to compensate for the effect of such matters on our financial reporting.
- We appointed a Group Director Financial Planning & Analysis who reports directly to our CFO to further improve the company's analytical review controls and review the results from the CIS business unit on a disaggregated country level basis.
- We engaged counsel to conduct an investigation of our operations in Uzbekistan and additional countries and a component of this investigation has focused on our internal control over financial reporting.
- We retained external advisors to assist in the design and implementation of remediation activities, and have implemented recommendations made by them relating to our internal control over financial reporting.
- We enhanced our compliance team at our headquarters in Amsterdam and throughout the group, with compliance officers and coordinators at all of our business units and covering all our operations.

- We implemented our Group Governance Policy Manual which lays out the delegated authority levels for certain types of spend and circumstances. In addition we updated our Group Procurement Policy and updated tendering procedures.

We believe that these efforts have addressed the previously reported material weaknesses that could have affected our internal control over financial reporting during the year ended December 31, 2014.

(c) Report of Independent Registered Public Accounting Firm

PricewaterhouseCoopers Accountants N.V. (“PwC”), our company’s independent registered public accounting firm, has audited and issued an attestation report on the effectiveness of the company’s internal controls over financial reporting as of December 31, 2014, a copy of which appears in Item 18.

(d) Changes in Internal Control Over Financial Reporting

Except for the remediation efforts relating to the material weaknesses around the effectiveness of internal controls over financial reporting regarding procurement, accounting for fixed assets and in respect of the oversight of the CIS business unit and individual countries therein by headquarters personnel, as described above, there have been no changes in our internal control over financial reporting identified in connection with an evaluation thereof that occurred during the period covered by this Annual Report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. Audit Committee Financial Expert

The supervisory board has determined that Trond Ø Westlie, a member of our audit committee, is a “financial expert,” as defined in Item 16A of Form 20-F. Mr. Westlie is “independent,” as defined in Rule 10A-3 under the Exchange Act. For a description of Mr. Westlie’s experience, please see “Item 6—Directors, Senior Management and Employees—A. Directors and Senior Management—Supervisory Board—Trond Ø Westlie.”

ITEM 16B. Code of Ethics

On December 1, 2012, we enacted a groupwide Code of Conduct, including a code of ethics, as defined in Item 16B of Form 20-F under the Exchange Act, which applied to employees, officers and directors of VimpelCom. VimpelCom also expects compliance by its business partners with the principles set forth in the Code of Conduct. The new Code of Conduct replaced our code of ethics which was in place prior to December 1, 2012. The Code of Conduct provides group-wide standards designed primarily to deter wrongdoing and promote honest and ethical conduct, compliance with applicable governmental laws, rules and regulations, prompt internal reporting of violations and accountability for adherence to the code. All employees, officers and directors of VimpelCom are required to acknowledge having read and understood the contents of the Code of Conduct. Our Code of Conduct in force is available on our website at <http://www.vimpelcom.com>. We will disclose any amendment to the provisions of such code of ethics or any waiver that our supervisory board may grant on our website at the same address.

ITEM 16C. Principal Accountant Fees and Services

PricewaterhouseCoopers Accountants N.V. have served as our independent public accountants for the fiscal year ended December 31, 2014, and Ernst & Young Accountants LLP have served as our independent public accountants for the fiscal year ended December 31, 2013, the years for which audited financial statements appear in this Annual Report on Form 20-F. The following table presents the aggregate fees for professional services and other services rendered by PricewaterhouseCoopers Accountants N.V. and their member firms in 2014 and Ernst & Young Accountants LLP and their affiliates in 2013.

	Year ended December 31,	
	2014	2013
	(In millions)	
Audit Fees	US\$ 9.1	US\$14.0
Audit-Related Fees	US\$ 0.8	US\$ 0.5
Tax Fees	US\$ 1.6	US\$ 0.0
All Other Fees	US\$ 2.9	US\$ 0.3
Total	US\$14.4	US\$14.8

Audit Services

Audit services mainly consisted of the audit of the consolidated financial statements as of and for the years ended December 31, 2014 and 2013, the review of quarterly consolidated financial statements and services provided in connection with regulatory and statutory filings, including comfort letters, consents and Sarbanes-Oxley Section 404 attestation services.

Audit-related Services

Audit-related services are assurance and related services which are reasonably related to the performance of audit or review and generally include advisory services regarding specific regulatory filings and reporting procedures and other agreed-upon services related to accounting and billing records.

Tax Services

Tax services consisted of permissible review of tax compliance, services for preparation of corporate and personal income tax returns for statutory tax purposes and tax-related surveys.

Other Services

Other services include permissible strategy advisory, consulting and survey services as well as agreed-upon procedures not related to accounting and billing records.

Audit Committee Pre-Approval Policies and Procedures

The Sarbanes-Oxley Act of 2002 required the company to implement a pre-approval process for all engagements with its independent public accountants. In compliance with Sarbanes-Oxley requirements pertaining to auditor independence, the company's audit committee pre-approves the engagement terms and fees of VimpelCom's independent public accountant for audit and non-audit services, including tax services. The company's audit committee pre-approved the engagement terms and fees of PricewaterhouseCoopers Accountants N.V. and its affiliates for all services performed for the fiscal year ended December 31, 2014.

ITEM 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

ITEM 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

ITEM 16F. Change in Registrant's Certifying Accountant

As disclosed in VimpelCom Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2013, at a meeting held on December 17, 2013, the Audit Committee of the company's Supervisory Board recommended to the Supervisory Board that the Supervisory Board propose to VimpelCom's shareholders the engagement of PricewaterhouseCoopers Accountants N.V. ("PwC") as its independent registered public accounting firm for the fiscal year ending December 31, 2014. At the same meeting, the company's Supervisory Board decided to ask Ernst & Young Accountants LLP ("EY") to resign as the company's independent registered public accounting firm.

On June 12, 2014, EY provided VimpelCom Ltd. a resignation letter to resign as the company's auditor with effect as of the same day.

On July 28, 2014, the company's shareholders approved the appointment of PwC as the company's auditor. The recommendation to appoint PwC was the result of a tender process performed by the company's Supervisory Board as part of the company's regular review of its external auditor.

The report of EY on the company's financial statements for the year ended December 31, 2012 did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principles. In connection with the audit of the company's financial statements for the year ended December 31, 2013, material weaknesses were identified related to the company's procurement process, capitalization of fixed assets and oversight of the CIS business unit and individual countries therein by headquarters personnel.

In connection with the audits of the company's financial statements for each of the two fiscal years ended December 31, 2013 and December 31, 2012 and in the subsequent interim period through June 12, 2014, there were no disagreements with EY on any matters of accounting principles or practices, financial statement disclosure, or auditing scope and procedures which, if not resolved to the satisfaction of EY would have caused EY to make reference to the matter in their report.

The company has requested EY to furnish it a letter addressed to the Securities and Exchange Commission stating whether it agrees with the above statements. A copy of that letter, dated March 24, 2015 is filed as Exhibit 15.3 to this Form 20-F.

ITEM 16G. Corporate Governance

We comply with the corporate governance rules applicable to foreign private issuers listed on the NASDAQ Stock Market.

We are permitted to follow "home country practice" in Bermuda in lieu of the provisions of NASDAQ's corporate governance rules, except that we are required to: (1) have a qualifying audit committee under NASDAQ listing rule 5605(c)(3); (2) ensure that our audit committee's members meet the independence requirement under NASDAQ listing rule 5605(c)(2)(A)(ii); and (3) comply with the voting rights requirements under NASDAQ listing rule 5640.

In accordance with NASDAQ listing rule 5615(a)(3)(B), the following is a summary of the "home country practices" in Bermuda that we follow in lieu of the relevant NASDAQ listing rules.

Director Independence

NASDAQ listing rule 5605(b)(1) provides that each U.S. company listed on NASDAQ must have a majority of independent directors, as defined in the NASDAQ rules. Bermuda corporate law does not require that we have a majority of independent directors. As a foreign private issuer, we are exempt from complying with this NASDAQ requirement, and we do not currently have a majority of independent directors, as defined in the NASDAQ rules.

Executive Sessions

NASDAQ listing rule 5605(b)(2) requires that the independent directors, as defined in the NASDAQ rules, of a U.S. company listed on NASDAQ meet at regularly scheduled executive sessions at which only such independent directors are present. Bermuda corporate law does not impose any such requirement on our company. As a foreign private issuer, we are exempt from complying with this NASDAQ requirement and our internal corporate governance rules and procedures do not currently require independent directors to meet at regularly scheduled executive sessions.

Our board does not, however, include any members of our management, and, from time to time, the board has requested that management not be present for portions of board meetings in order to allow the board to serve as a more effective check on management.

Independent Director Oversight of Director Nominations

NASDAQ rule 5605(e)(1) requires that director nominees of U.S. listed companies are selected, or recommended for the board's selection, either by (1) a majority of the board's independent directors, as defined in the NASDAQ rules, in a vote in which only such independent directors participate or (2) a nominations committee composed solely of independent directors, as defined in the NASDAQ rules. Bermuda corporate law does not impose any such requirement on our company. As a foreign private issuer, we are exempt from complying with the NASDAQ requirement regarding independent director oversight of director nominations. Our nominating and corporate governance committee is responsible for identifying and selecting candidates to serve as directors, but it is not composed solely of independent directors, as defined in the NASDAQ rules.

Compensation Committee

NASDAQ rule 5605(d)(2) requires that U.S. listed companies have a compensation committee with at least two members and composed entirely of independent directors, as defined in the NASDAQ rules. In addition, the NASDAQ rules require a U.S. listed company's compensation committee to have a charter that meets the requirements of rule 5605(d)(1) and the responsibilities and authorities listed in rule 5605(d)(3). Bermuda corporate law does not impose any such requirements on our company. As a foreign private issuer, we are exempt from complying with the NASDAQ requirements described in this paragraph. However, our supervisory board has established a compensation committee, which currently comprises three directors and acts in an advisory capacity to our supervisory board with respect to compensation issues. The compensation committee is responsible for approving the compensation of the directors, officers and employees of VimpelCom and its subsidiaries, our employee benefit plans, any equity compensation plans of VimpelCom and its subsidiaries, and any contract relating to a director, officer or shareholder of our company or any of our subsidiaries or their respective family members or affiliates.

We do not have a compensation committee composed solely of independent directors (as defined under the NASDAQ listing rules) because our internal corporate governance rules do not require us to have independent directors (as defined under NASDAQ rules). We believe the structure and responsibilities of our compensation committee are adequate to ensure that appropriate incentives are in place for our officers and employees, and the current members of our compensation committee are not officers or employees of our company.

Audit Committee

NASDAQ rule 5605(c)(2)(A) requires that U.S. listed companies have an audit committee composed of at least three members, each of whom is an independent director, as defined in the NASDAQ rules. Bermuda corporate law does not impose any such requirement on our company. As a foreign private issuer, we are exempt from complying with the NASDAQ requirement to have an audit committee with at least three members, each of whom is an independent director, as defined in the NASDAQ rules. However, our audit committee currently comprises three directors, all of whom meet the criteria for independence set forth in Rule 10A-3 under the Exchange Act. The audit committee is responsible for, among other things, the appointment, compensation, retention and oversight of the auditors, establishing procedures for addressing complaints related to accounting or audit matters and engaging necessary advisors.

Equity Compensation Plans

NASDAQ rule 5635(c) requires that U.S. listed companies give shareholders an opportunity to vote on all stock option or other equity compensation plans and material amendments thereto (with specific exceptions). Bermuda corporate law does not impose any such requirement on our company. As a foreign private issuer, we are exempt from complying with this NASDAQ requirement, and no equity compensation plans have been submitted for approval by our shareholders.

PART III

ITEM 17. Financial Statements

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

ITEM 18. Financial Statements

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OF VIMPELCOM LTD.**

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ITEM 19. Exhibits**List of Exhibits.**

<u>Number</u>	<u>Description of Exhibit</u>	<u>Incorporated by Reference</u>				<u>Filed Herewith</u>
		<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Date</u>	
1.1	Bye-laws of VimpelCom Ltd. adopted on April 20, 2010 and Amended and Restated on September 25, 2013	6-K	001-34694	99.2	9/27/2013	
2.1	Form of Deposit Agreement (common shares) between VimpelCom Ltd. and The Bank of New York Mellon, as depositary	F-4	333-164770	4.1	2/8/2010	
2.2	Agreement to furnish instruments relating to long-term debt					*
2.3	Registration Rights Agreement, dated as October 4, 2009, between and among VimpelCom Ltd., Eco Telecom Limited, Altimo Holdings & Investments Ltd., Altimo Coöperatief U.A., Telenor Mobile Communications AS and Telenor East Invest AS	F-4	333-164770	2.3	2/8/2010	
2.4	Assignment, Assumption and Amendment Agreement to the Registration Rights Agreement, dated as of November 27, 2013, by and among VimpelCom Ltd., Altimo Holdings & Investments Ltd., Altimo Coöperatief U.A., Telenor Mobile Communications AS, Telenor East Invest AS and Telenor East Holding II AS	13D	005-85442	99.1	12/5/2013	
2.5	Indenture, dated as of April 23, 2014, by and among Wind Acquisition Finance S.A., WIND Telecomunicazioni S.p.A., BNY Mellon Corporate Trustee Services Limited, The Bank of New York Mellon, London Branch, The Bank of New York Mellon and The Bank of New York Mellon (Luxembourg) S.A.	20-F	001-34694	2.5	5/15/2014	
2.6	Indenture, dated as of July 10, 2014 by and among Wind Acquisition Finance S.A., WIND Telecomunicazioni S.p.A., Deutsche Bank Trust Company Americas, Deutsche Bank AG, London Branch and Deutsche Bank Luxembourg S.A.					*
4.1	Form of Indemnification Agreement	20-F	001-34694	4.5	6/30/2011	
4.2	Executive Investment Plan	S-8	333-180368	4.3	3/27/2012	
4.3	Director Investment Plan	S-8	333-183294	4.3	8/14/2012	
8	List of Subsidiaries					*

<u>Number</u>	<u>Description of Exhibit</u>	<u>Incorporated by Reference</u>				<u>Filed Herewith</u>
		<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Date</u>	
12.1	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. Section 7241					*
12.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. Section 7241					*
13.1	Certification of CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350					*
15.1	Consent of PricewaterhouseCoopers Accountants N.V.					*
15.2	Consent of Ernst & Young Accountants LLP					*
15.3	Letter from Ernst & Young Accountants LLP on Item 16 F					*
99.1	Glossary of Terms					*
99.2	Regulation of Telecommunications					*

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on Form 20-F on its behalf.

VIMPELCOM LTD.

By: /s/ Jo Lunder

Name: Jo Lunder

Title: Chief Executive Officer

Date: March 24, 2015

Consolidated financial statements

VimpelCom Ltd.

*As of 31 December 2014 and 2013 and
for the three years ended 31 December
2014, 2013 and 2012.*

Report of Independent Registered Public Accounting Firm

To: The Supervisory Board and Shareholders of VimpelCom Ltd. (“the Company”)

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of income, comprehensive income, changes in equity and cash flows, present fairly, in all material respects, the financial position of VimpelCom Ltd. and its subsidiaries at December 31, 2014, and the results of its operations and its cash flows for the year ended December 31, 2014, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control Over Financial Reporting appearing under Item 15(b). Our responsibility is to express opinions on these financial statements and on the Company’s internal control over financial reporting based on our integrated audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Amsterdam, 24 March 2015
PricewaterhouseCoopers Accountants N.V.

/s/ F.P. Izeboud RA CPA

F.P. Izeboud RA CPA

Report of Independent Registered Public Accounting Firm

To the Supervisory Board and Shareholders of VimpelCom Ltd.

We have audited the accompanying consolidated statements of financial position of VimpelCom Ltd. as of December 31, 2013 and the related consolidated income statements and statements of comprehensive income, changes in equity, and cash flows for each of the two years in the period ended December 31, 2013. These financial statements are the responsibility of VimpelCom Ltd.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of VimpelCom Ltd. at December 31, 2013 and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2013, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ Ernst & Young Accountants LLP
Amsterdam, The Netherlands
May 15, 2014

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VimpelCom Ltd.
Consolidated income statements
for the years ended 31 December 2014, 2013 and 2012

	Note	Years ended 31 December		
		2014	2013	2012
(In millions of US dollars, except per share amounts)				
Service revenue		18,725	21,529	22,122
Sale of equipment and accessories		519	725	677
Other revenue	8	383	292	262
Total operating revenue	7	19,627	22,546	23,061
Operating expenses				
Service costs		4,381	5,133	5,439
Cost of equipment and accessories		551	780	693
Selling, general and administrative expenses	9	6,725	8,373	7,161
Depreciation	15	2,839	3,050	2,926
Amortization	16	1,479	1,791	2,080
Impairment losses	10	992	2,973	386
Loss on disposals of non-current assets	15	74	100	205
Total operating expenses		17,041	22,200	18,890
Operating profit		2,586	346	4,171
Finance costs		2,026	2,150	2,029
Finance income		(54)	(91)	(154)
Other non-operating losses	11	152	172	75
Shares of loss of associates and joint ventures accounted for using the equity method	12	38	159	9
Net foreign exchange loss/ (gain)		605	(20)	(70)
(Loss)/profit before tax		(181)	(2,024)	2,282
Income tax expense	13	722	2,064	906
(Loss)/ profit for the year		(903)	(4,088)	1,376
Attributable to:				
The owners of the parent		(647)	(2,625)	1,539
Non-controlling interest		(256)	(1,463)	(163)
		(903)	(4,088)	1,376
Earnings per share				
Basic, (loss)/earnings for the year attributable to ordinary equity holders of the parent	14	\$ (0.37)	\$ (1.53)	\$ 0.95
Diluted, (loss)/earnings for the year attributable to ordinary equity holders of the parent	14	\$ (0.37)	\$ (1.53)	\$ 0.95

The accompanying notes are an integral part of these consolidated financial statements.

VimpelCom Ltd.

Consolidated statements of comprehensive income
for the years ended 31 December 2014, 2013 and 2012

	Note	<u>Year ended 31 December</u>		
		<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>(In millions of US dollars)</i>				
(Loss)/ profit for the year		<u>(903)</u>	<u>(4,088)</u>	<u>1,376</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Share of foreign currency translation of associates and joint ventures accounted for using the equity method (net of tax in 2014 of USD nil, 2013 of USD nil and 2012 of USD nil)		(169)	(15)	17
Net movement on cash flow hedges (net of tax in 2014 of USD 5, 2013 of USD 10 and 2012 of USD 15)	17	145	100	(76)
Foreign currency translation		<u>(4,054)</u>	<u>(550)</u>	<u>(63)</u>
Other comprehensive loss for the year, net of tax		<u>(4,078)</u>	<u>(465)</u>	<u>(122)</u>
Total comprehensive (loss)/income for the year, net of tax		<u>(4,981)</u>	<u>(4,553)</u>	<u>1,254</u>
Attributable to:				
The owners of the parent		(4,633)	(3,156)	1,519
Non-controlling interests		<u>(348)</u>	<u>(1,397)</u>	<u>(265)</u>
		<u>(4,981)</u>	<u>(4,553)</u>	<u>1,254</u>

The accompanying notes are an integral part of these consolidated financial statements.

VimpelCom Ltd.

Consolidated statements of financial position

As of 31 December 2014 and 2013

	Note	<u>2014</u>	<u>2013*</u>
(In millions of US dollars)			
Assets			
Non-current assets			
Property and equipment	15	11,849	15,493
Intangible assets	16	7,717	9,837
Goodwill	10	10,285	14,709
Investments in associates and joint ventures	12	265	449
Deferred tax assets	13	575	294
Other financial assets	17	602	262
Non-current income tax assets	13	91	52
Other non-financial assets	18	26	18
Total non-current assets		<u>31,410</u>	<u>41,114</u>
Current assets			
Inventories	19	117	192
Trade and other receivables	17, 20	1,886	2,407
Other non-financial assets	18	797	790
Current income tax asset	13	219	335
Other financial assets	17	266	440
Cash and cash equivalents	21	6,342	4,454
Total current assets		<u>9,627</u>	<u>8,618</u>
Assets classified as held for sale	6	5	142
Total assets		<u>41,042</u>	<u>49,874</u>
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent	22,23	5,006	9,733
Non-controlling interests		(1,030)	(655)
Total equity		<u>3,976</u>	<u>9,078</u>
Non-current liabilities			
Financial liabilities	17	23,936	26,802
Provisions	24	527	417
Other non-financial liabilities	18	401	433
Deferred tax liability	13	1,637	1,641
Total non-current liabilities		<u>26,501</u>	<u>29,293</u>
Current liabilities			
Trade and other payables	17	4,007	4,860
Other non-financial liabilities	18	1,930	2,101
Other financial liabilities	17	3,188	2,426
Current income tax payable	13	72	166
Provisions	24	1,368	1,880
Total current liabilities		<u>10,565</u>	<u>11,433</u>
Liabilities associated with assets held for sale	6	—	70
Total equity and liabilities		<u>41,042</u>	<u>49,874</u>

* Adjusted to reflect the adoption of IAS 32 Offsetting Financial Assets and Financial Liabilities as described in Note 3.

The accompanying notes are an integral part of these consolidated financial statements.

VimpelCom Ltd.

Consolidated statements of changes in equity
for the years ended 31 December 2014, 2013 and 2012

	Note	Number of shares	Issued capital	Capital Surplus	Treasury shares	Other capital reserves	Retained earnings	Foreign currency translation	Total	Non-controlling interest	Total equity
(In millions of US dollars)											
As of 1 January 2012		1,618,120,527	2	11,545	(213)	(133)	3,909	(1,073)	14,037	865	14,902
Profit for the period		—	—	—	—	—	1,539	—	1,539	(163)	1,376
Total other comprehensive income /(loss)		—	—	—	—	(76)	—	56	(20)	(102)	(122)
Total comprehensive income		—	—	—	—	(76)	1,539	56	1,519	(265)	1,254
Dividends		—	—	—	—	—	(1,295)	—	(1,295)	(26)	(1,321)
Acquisitions		—	—	(10)	—	—	—	—	(10)	1	(9)
Divestments		—	—	—	—	—	—	—	—	(42)	(42)
Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control		—	—	—	—	(12)	—	(5)	(17)	(34)	(51)
Other changes		1,082,151	—	1	9	—	—	2	12	4	16
As of 31 December 2012		1,619,202,678	2	11,536	(204)	(221)	4,153	(1,020)	14,246	503	14,749
(In millions of US dollars)											
As of 1 January 2013		1,619,202,678	2	11,536	(204)	(221)	4,153	(1,020)	14,246	503	14,749
Profit/(loss) for the period		—	—	—	—	—	(2,625)	—	(2,625)	(1,463)	(4,088)
Total other comprehensive income /(loss)		—	—	—	—	100	12	(643)	(531)	66	(465)
Total comprehensive income /(loss)		—	—	—	—	100	(2,613)	(643)	(3,156)	(1,397)	(4,553)
Preferred shares conversion		128,532,000	—	1,392	—	—	—	—	1,392	—	1,392
Dividends		—	—	—	—	—	(2,780)	—	(2,780)	—	(2,780)
Acquisitions	6	—	—	(7)	—	(12)	(21)	—	(40)	53	13
Divestments	6	—	—	—	—	—	(25)	—	(25)	25	—
Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control	17	—	—	—	—	91	—	(10)	81	161	242
Other changes		509,061	—	9	6	—	—	—	15	—	15
As of 31 December 2013		1,748,243,739	2	12,930	(198)	(42)	(1,286)	(1,673)	9,733	(655)	9,078

VimpelCom Ltd.

Consolidated statements of changes in equity (continued)

(In millions of US dollars)	Note	Number of shares	Issued capital	Capital Surplus	Treasury shares	Other capital reserves	Retained earnings	Foreign currency translation	Total	Non-controlling interest	Total equity
As of 1 January 2014		1,748,243,739	2	12,930	(198)	(42)	(1,286)	(1,673)	9,733	(655)	9,078
Loss for the period		—	—	—	—	—	(647)	—	(647)	(256)	(903)
Total other comprehensive income/(loss)		—	—	—	—	138	—	(4,124)	(3,986)	(92)	(4,078)
Total comprehensive income/(loss)		—	—	—	—	138	(647)	(4,124)	(4,633)	(348)	(4,981)
Dividends		—	—	—	—	—	(58)	—	(58)	(21)	(79)
Acquisition of non-controlling interest		—	—	—	—	—	—	—	—	4	4
Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control	17	—	—	—	—	(7)	—	(39)	(46)	(10)	(56)
Exercise of stock options		354,407	—	—	7	(4)	—	—	3	—	3
Share-based payment transactions		—	—	7	—	(1)	1	—	7	—	7
As of 31 December 2014		1,748,598,146	2	12,937	(191)	84	(1,990)	(5,836)	5,006	(1,030)	3,976

VimpelCom Ltd.
Consolidated statements of cash flows
For the years ended 31 December 2014, 2013 and 2012

(In millions of US dollars)	Note	Year ended 31 December		
		2014	2013	2012
Operating activities				
(Loss)/ profit for the year		(903)	(4,088)	1,376
Income tax expense	13	722	2,064	906
Profit/(loss) before tax		(181)	(2,024)	2,282
Non-cash adjustment to reconcile profit/(loss) before tax to net cash flows from operating activities:				
Depreciation	15	2,839	3,050	2,926
Amortization	16	1,479	1,791	2,080
Impairment losses	10	992	2,973	386
Loss on disposals of non-current assets	18	74	100	205
Finance costs		2,026	2,150	2,029
Finance income		(54)	(91)	(154)
Other non-operating (gains)/ losses	11	152	172	75
Shares of loss of associates and joint ventures accounted for using the equity method	12	38	159	9
Net foreign exchange loss/ (gain)		605	(20)	(70)
Movements in provisions and pensions		169	1,463	36
Operating profit before working capital adjustments		8,139	9,723	9,804
Working capital adjustments:				
Change in trade and other receivables and prepayments		(174)	270	10
Change in inventories		19	(44)	14
Change in trade and other payables		135	(286)	421
		(20)	(60)	445
Interest paid		(2,157)	(2,084)	(2,144)
Interest received		47	37	383
Income tax paid		(730)	(1,265)	(1,231)
Net cash flows from operating activities		5,279	6,351	7,257
Investing activities				
Proceeds from sale of property, plant and equipment and intangible assets		22	40	42
Purchase of property, plant and equipment and intangible assets		(4,489)	(3,955)	(3,886)
Proceeds from sale of investment in and loan to associate		110	—	—
Loans granted to associates		(23)	(118)	(189)
Change in short-term deposits and other financial assets	17	332	(316)	107
Disposal of subsidiaries, net of cash disposed	6	69	83	(75)
Acquisition of subsidiaries, net of cash acquired		—	2	—
Other		2	51	(7)
Net cash flows used in investing activities		(3,977)	(4,213)	(4,008)
Financing activities				
Proceeds from borrowings, net of fees paid ⁽¹⁾		16,738	5,587	3,094
Repayment of borrowings		(15,322)	(5,487)	(3,650)
Dividends paid to equity holders of the parent		(71)	(4,055)	—
Dividends paid to non-controlling interests		(19)	—	(26)
Proceeds from issuance of share capital		—	1,392	—
Other		3	(12)	(5)
Net cash flows used in/ from financing activities		1,329	(2,575)	(587)
Net increase/(decrease) in cash and cash equivalents		2,631	(437)	2,662
Net foreign exchange difference		(743)	(58)	(38)
Cash and cash equivalents at beginning of period	21	4,454	4,949	2,325
Cash and cash equivalents at end of period⁽²⁾	21	6,342	4,454	4,949

(1) Fees paid during 2014 were USD 727 (2013: USD 41, 2012: USD94)

(2) The cash balances as of 31 December 2014 in Algeria of USD 2,732 (2013: 2,651), Uzbekistan of USD 532 (2013: USD 256) and Ukraine of USD 116 (2013: nil) are restricted due to local government or central bank regulations.

The accompanying notes are an integral part of these consolidated financial statements.

Notes to consolidated financial statements

1 General information

VimpelCom Ltd. (“**VimpelCom**”, the “**Company**”, and together with its consolidated subsidiaries the “**Group**” or “**we**”) was incorporated in Bermuda on 5 June 2009. The registered office of VimpelCom is Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. VimpelCom’s headquarters and principal place of business is located at Claude Debussylaan 88, 1082 MD Amsterdam, the Netherlands.

The consolidated financial statements are presented in United States dollars (“**U.S. dollar**” or “**USD**”). In these notes, U.S. dollar amounts are presented in millions, except for share and per share (or American Depository Shares (“**ADS**”)) amounts and as otherwise indicated.

VimpelCom’s ADSs are listed on the NASDAQ Stock Market.

The Company’s largest shareholders, LetterOne Holdings S.A. (“**LetterOne**”) and Telenor ASA (“**Telenor**”), and their respective affiliates, beneficially own, in the aggregate, approximately 90.9% of our outstanding voting shares.

VimpelCom earns revenue by providing voice, data and other telecommunication services through a range of wireless, fixed and broadband internet services, as well as selling equipment and accessories. As of 31 December 2014, the Company operated telecommunications services in Russia, Italy, Algeria, Kazakhstan, Ukraine, Pakistan, Bangladesh, Armenia, Tajikistan, Uzbekistan, Georgia, Kyrgyzstan and Laos. The Company also holds equity shareholdings in a company operating in Zimbabwe.

The consolidated financial statements of the Company for the year ended 31 December 2014 were authorized for issue in accordance with a resolution of the Audit Committee of the Supervisory Board on 17 March 2015, acting under authority delegated to the Audit Committee from the Supervisory Board.

In April 2014, the Group signed a Share Purchase Agreement (“**SPA**”) under which it agreed to sell a non-controlling 51% stake in Omnium Telecom Algeria S.p.A. (“**OTA**”). The transaction closed on 30 January 2015. See Notes 6 and 26 for further information about this transaction.

During 2014, the Company also successfully completed the disposals of its equity shareholding in the Globalive group of companies in Canada, and Telecel Globe which included operations in Central African Republic and Burundi. See Note 6 for further details about these transactions.

In July 2014, VimpelCom completed a refinancing of WIND Group which improved the capital structure of its indirectly owned subsidiaries WIND Telecomunicazioni S.p.A. (“**WIND**”) and Wind Acquisition Finance S.A. (“**WAF**”). See Note 17 for more details.

2 Basis of preparation of the consolidated financial statements

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”), effective at the time of preparing the consolidated financial statements and applied by VimpelCom. The consolidated financial statements have been prepared on a historical cost basis, unless disclosed otherwise.

The preparation of these consolidated financial statements has required management to apply accounting policies and methodologies based on complex and subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The use of these

estimates and assumptions affects the amounts reported in the statement of financial position, the income statement, statement of cash flows, statement of changes in equity as well as the notes. The final amounts for items for which estimates and assumptions were made in the consolidated financial statements may differ from those reported in these statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based.

Application of certain accounting principles requires a higher degree of subjectivity when making judgments and changes in the underlying conditions could significantly affect the consolidated financial statements. Note 4 below includes further discussion of certain critical accounting estimates.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. Significant accounting policies

New accounting pronouncements adopted by the Company in 2014

VimpelCom adopts new IFRSs by following the transitional requirements of each new standard.

The following new IFRS has been adopted by VimpelCom as of 1 January 2014 but had no material impact on the Group's financial position or financial performance :

- Amendment to IAS 32, '*Financial instruments: Presentation*' on offsetting financial assets and financial liabilities. These amendments permit financial assets and liabilities to be offset against each other for balance sheet presentation only where a currently existing, legally enforceable, unconditional right of offset applies to all counterparties of the financial instruments in all situations, including both normal operations and insolvency. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

VimpelCom enters into interconnect contracts with various counterparties that are settled on a net basis in the normal course of business. However, following Russian legislation net settlement is not possible in the event of bankruptcy of a counterparty. Consequently, the offsetting of the respective financial assets and liabilities relevant for the Russian jurisdiction is not allowed in the light of the amendments to IAS 32. As a result of the retrospective application of the amendments to IAS 32, the outstanding receivables and payables balances under the interconnect contracts included in the 31 December 2013 statement of financial position presented as comparative information in these consolidated financial

statements have been presented on a gross basis leading to the increase of the trade and other receivables and trade and other payables by USD 127. No additional statement of financial position as of 1 January 2013 is presented because the application of the amendments to IAS 32 did not result in a change of equity in any of the prior periods.

- Annual Improvements to IFRSs 2012-2014 Cycle (early adoption). Annual improvements set out amendments to IFRS and the related Bases for Conclusions and guidance made during the IASB's Annual Improvements process. The amendments are mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The main change stemming from this Improvements Cycle early adopted by the Group pertains to disclosures with respect to Offsetting Arrangements as defined in IFRS 7 that are no longer required for the interim periods. There is no impact on the financial position or performance of the Group. Also, no disclosures in the annual IFRS consolidated financial statements are affected by this early adoption.
- Amendment to IAS 39, '*Financial instruments: Recognition and measurement*' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The group has applied the amendment and there has been no impact.
- IFRIC 21, '*Levies*', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 '*Provisions*'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group verified the accounting for significant levies and no impact was concluded.

Other standards, amendments and interpretations that are effective for the financial year beginning on 1 January 2014 are not relevant to the Group.

New accounting pronouncements not yet adopted by the Company

The following are standards that are issued, but not yet effective, up to the date of the issuance of the Group's financial statements, and which have not been early adopted by the Company:

- IFRS 15, '*Revenue from contracts with customers*' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaces IAS 18 '*Revenue*' and IAS 11 '*Construction contracts*' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is in the process of assessing the impact of IFRS 15.
- IFRS 9, '*Financial instruments*', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group has yet to assess IFRS 9's impact.

Future changes in IFRS

IFRSs are undergoing a process of revision, with a view to increasing harmonization of accounting rules internationally. Proposals to issue new or revised IFRSs, as yet unpublished, on financial instruments, revenue recognition, leases and other topics may change standards and may therefore affect the accounting policies applied by VimpelCom in future periods.

Business combinations

Business combinations are accounted using the acquisition method of accounting. Accordingly, the cost of the acquisition, or the total consideration transferred, is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, contingent consideration given and equity instruments issued by the Group in exchange for control of the acquiree and the amount of any non-controlling interest in the acquiree. The aggregate consideration transferred is allocated to the underlying assets acquired, including any intangible assets identified, and liabilities assumed based on their respective estimated fair values. Determining the fair value of assets acquired and liabilities assumed requires the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, licenses and other assets' lives and market multiples, among other items. The results of operations of acquired businesses are included in the consolidated financial statements from the date of acquisition.

For each business combination, VimpelCom elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share in the recognized amounts of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred in the income statement.

If the business combination is achieved in stages, the value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the difference is recognized through profit or loss. Furthermore, goodwill is only recognized at the time when the Group obtains control over the entity. Goodwill is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree, if any, over the fair value of the net amounts of identifiable assets acquired and liabilities assumed at the acquisition date. After initial recognition, goodwill is carried at cost less any accumulated impairment losses.

If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Goodwill is not amortized, but is tested for impairment on at least an annual basis or when impairment indicators are observed.

The Group may enter into business combinations which include options (call, put, or a combination of both) over the shares of the non-controlling interest. The Group considers such options to assess possible implications, if any, on control.

Once the Group has acquired control of a business, any further transaction that changes the Group's ownership interest, but does not result in the Group losing control, is accounted for as a transaction between shareholders. Any difference between the amount received for the change in ownership interest and the corresponding share of the carrying amount of the net assets is charged or credited to shareholders' equity.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without control or joint control over those policies, and significant influence is assumed if the Group holds, directly or indirectly, 20% or more but less than 50% of the voting power of the investee, unless it can be clearly demonstrated that it does not have significant influence. The Group has interests in joint ventures as a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are incorporated in the financial statements of the Group using the equity method of accounting. Under the equity method, the investment in associate or joint venture is initially recognized at cost and is adjusted in subsequent periods for the post acquisition changes in the Group's share of the net assets of the associate or joint venture less any impairment in the value of the investment. Losses of an associate or joint venture in excess of the Groups' interest in that associate are recognized only to the extent that the Group has incurred a legal or constructive obligation or made payments on behalf of the associate or joint venture.

Goodwill upon acquisition is recorded as part of the investment value.

Financial statements of associates or joint ventures are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence, the Group measures and recognises its remaining investment in an associate at its fair value unless the investment should be accounted for as a joint venture, i.e. equity method of accounting. Any difference between the carrying amount of the retained interest and the fair value thereof and any proceeds from a disposal is recognized in profit or loss.

Foreign currency translation

The consolidated financial statements of the Group are presented in US dollars. Each entity in the Group determines its own functional currency and amounts included in the financial statements of each entity are measured using that functional currency.

In 2014 the functional currency of the Company's operations in Uzbekistan was changed from the US dollar to the Uzbek som. The impact of change in functional currency was not material and accounted for in the Company's 2014 financial statements.

Transactions denominated in foreign currencies are initially recognized at the functional currency rate prevailing on the date of the transaction. At period end, monetary assets and liabilities are translated to the functional currency using the closing rate with differences taken to profit and loss. Non-monetary items carried at historical cost that are denominated in foreign currencies are translated to the functional currency at the rate prevailing on the initial transaction dates. Non-monetary items carried at fair value are translated to the functional currency at the date when the fair value was determined.

Upon consolidation, the assets and liabilities of foreign operations are translated into US dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at the weighted average exchange rate for the period. The exchange rate differences arising on consolidation translation are recognized in other comprehensive income. On disposal or loss of control of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit and loss as part of the gain or loss on disposal.

Revenue recognition

VimpelCom generates revenue from providing voice, data and other telecommunication services through a range of wireless, fixed and broadband Internet services, as well as selling equipment and accessories. Products and services may be sold separately or in bundled packages.

Revenue is recognized to the extent the Group has delivered goods or rendered services under an agreement, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue is measured at the fair value of the consideration received, subject to the considerations described below, and is stated net of value-added-tax and sales tax charged to customers.

Wireless services

Service revenue includes revenue from airtime charges from contract and prepaid customers, monthly contract fees, interconnect revenue, roaming charges and charges for value added services (“VAS”). VAS includes short messages (“SMS”), multimedia messages (“MMS”), caller number identification, call waiting, data transmission, mobile internet, downloadable content, mobile finance services, machine-to-machine and other services. The content revenue relating to VAS is presented net of related costs when the Company acts as an agent of the content providers and gross when the Company acts as the primary obligor of the transaction. More specifically, the accounting for revenue sharing agreements and delivery of content depends on the analysis of the facts and circumstances surrounding these transactions, which will determine if the revenue is recognized gross or net.

VimpelCom charges customers a fixed monthly fee for the use of certain services. Such fees are recognized as revenue in the respective month when earned.

Service revenue is generally recognized when the services (including VAS and roaming revenue) are rendered. Sales of prepaid cards, used as a method of cash collection, is accounted for as customer advances for future services and the respective revenue is deferred until the customer uses the airtime. Prepaid cards might not have expiration dates but are subject to statutory expiration periods, and unused prepaid balances are added to service revenue based on an estimate of the expected balance that will expire unused.

Some tariffs include bundle rollovers which effectively allow customers to rollover unused minutes from one month to the following month. For these tariffs, the portion of the access fee representing the fair value of the rolled over minutes is deferred until the service is delivered.

Sales of equipment

Revenue from mobile equipment sales, such as handsets, are recognized in the period in which the equipment is sold to either a network customer or, if sold via an intermediary, when the significant risks and rewards associated with the device have passed to the intermediary and the intermediary has no general right of return or if a right of return exists, when such right has expired.

Interconnect and roaming revenue

Interconnect revenue (transit traffic) is generated when the Group receives traffic from mobile or fixed customers of other operators and that traffic terminates on VimpelCom’s network. Revenue is recognized on a gross or net basis depending on the amount of control over the traffic routing and hence exposure to risks and rewards.

The Group recognizes mobile usage and roaming service revenue based on minutes of traffic processed or contracted fee schedules when the services are rendered. Roaming revenue include both revenue from VimpelCom customers who roam outside of their home country network and revenue from other wireless carriers for roaming by their customers on VimpelCom’s network. Revenue due from foreign carriers for international roaming calls are recognized in the period in which the call occurs.

Fixed-line services

Revenue from traditional voice services and other service contracts is accounted for when the services are provided. Revenue from Internet services is measured primarily by monthly fees and internet-traffic volume which has not been included in monthly fees. Payments from customers for fixed-line equipment are not recognized as revenue until installation and testing of such equipment are completed and the equipment is accepted by the customer. Domestic Long Distance/International Long Distance (“DLD/ILD”) and zonal revenue are recorded gross or net depending on the contractual arrangements with the end-users.

Connection fees

VimpelCom defers upfront telecommunications connection fees. The deferral of revenue is recognized over the estimated average customer life or the minimum contractual term, whichever is shorter. The Company also defers direct incremental costs related to connection fees for fixed line customers, in an amount not exceeding the revenue deferred.

Multiple elements agreements (“MEA”)

MEA are agreements under which VimpelCom provides more than one service. Services/ products may be provided or ‘bundled’ under different agreements or in groups of agreements which are interrelated to such an extent that, in substance, they are elements of one agreement. In the event of an MEA, each element is accounted for separately if it can be distinguished from the other elements and has a fair value on a standalone basis. The customer’s perspective is important in determining whether the transaction contains multiple elements or is just a single element arrangement. The relative fair value method is applied in determining the value to be allocated to each element of an MEA. Fair value is determined as the selling price of the individual item. If an item has not been sold separately by the Group yet, but is sold by other suppliers, the fair value is the price at which the items are sold by the other suppliers.

Dealer commissions

Dealer commissions are expensed as customer acquisition costs (“service costs” in the consolidated income statements) when the services are provided.

If dealer commissions meet the definition of an asset, they are capitalized as part of intangible assets, and are amortized over the expected customer life.

Classification of non-operating items

The Company distinguishes results of operations between operating and non-operating depending on the nature of the transaction. Results that directly relate to operations are classified as operating items regardless of whether they involve cash, occur irregularly, infrequently, or are unusual in amount. Results that do not directly relate to operations such as sale of investments, changes in fair value of investments and other financial instruments are classified as non-operating.

Interest income/expense

For financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate, which is the rate that discounts the estimated future cash payments or receipts based on the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income or expense is included in finance income/costs in the consolidated income statement.

Taxation

Income tax expense represents the aggregate amount determined on the profit for the period based on current tax and deferred tax.

In cases when the tax relates to items that are charged to other comprehensive income or directly to equity, the tax is also charged respectively to other comprehensive income or directly to equity.

Current income tax

Current tax is the expected tax payable on the taxable income for the year and any adjustments to tax payable in respect of previous years. Current tax, for the current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior period exceeds the amount due for those periods, the excess is recognized as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Uncertain tax positions

VimpelCom's policy is to comply fully with the applicable tax regulations in the jurisdictions in which its operations are subject to income taxes. VimpelCom's estimates of current income tax expense and liabilities are calculated assuming that all tax computations filed by VimpelCom's subsidiaries will be subject to a review or audit by the relevant tax authorities. VimpelCom and the relevant tax authorities may have different interpretations of how regulations should be applied to actual transactions. Such uncertain tax positions are accounted for in accordance with IAS 12 'Income Taxes' or IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' depending on the type of tax in question.

VimpelCom records provisions for income taxes it estimates will ultimately be payable when the review or audits have been completed, including allowances for any interest and penalties which may become payable.

For provisions for taxes other than income tax, the Company follows the general policy on provisions.

Deferred taxation

Deferred taxes are recognized using the liability method and thus are computed as the taxes recoverable or payable in future periods in respect of deductible or taxable temporary differences. A temporary difference arises where the carrying amount of an asset or liability is different from its corresponding tax base.

Deferred tax assets and liabilities are generally recognized for all taxable temporary differences, except to the extent that they arise from:

- a) the initial recognition of non-tax deductible goodwill; or
- b) the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are also recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available to offset unused tax losses and unused tax credits. The carrying amount of deferred tax assets is reviewed at each reporting period date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the timing of the reversal of the temporary difference can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when the entity has a legally enforceable right to offset current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities which intend either to settle current tax liabilities and assets on a net basis.

Property and equipment

Property and equipment (“P&E”) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The costs of an item of P&E include:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- initial cost estimations of dismantling and removing the item and restoring the site to which it is located, with an equal obligation recognized;
- costs of installation and assembly of a connection line between the client and the Company’s network;
- costs of site preparation, e.g. creating a foundation for the installation of connections; and
- professional fees, e.g. for engineers.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Telecommunication equipment 3—20 years
- Buildings and constructions 10—50 years
- Office and measuring equipment 3—10 years
- Other equipment 3—10 years

Equipment acquired under a finance lease arrangement is depreciated on a straight-line basis over its estimated useful life or the lease term, whichever is shorter.

Assets in the course of construction are carried out at cost, less any recognized impairment losses. Depreciation of these assets commences when the assets are ready for their intended use.

Repair and maintenance costs which do not meet capitalization requirements are expensed as incurred.

The carrying amount of an item in P&E is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss from derecognition of an item in P&E is calculated as the difference between the net proceeds from disposal, if any, and the carrying amount of the item, and is included in the income statement when derecognized.

Each asset’s residual value, useful life and method of depreciation is reviewed at the end of each financial year, and adjusted prospectively if necessary.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, that necessarily takes a substantial period of time (longer than six months) to get ready for its intended use, are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period incurred. Borrowing costs consist of interest and other costs that VimpelCom incurs in connection with the borrowing of funds in order to produce qualifying assets.

Rental expenses

Rental expenses related to the land where network equipment is located are expensed, unless amounts charged under operating leases during the construction period of the network are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards associated with ownership of the leased asset to VimpelCom. All other leases are classified as operating leases. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, or when the terms of the agreement are modified.

Finance leases

At the commencement of a finance lease term, VimpelCom recognizes the assets and liabilities in its statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. If there is no interest rate in the lease, the Company's incremental borrowing rate is used. Any initial direct costs of VimpelCom related to the lease are added to the amount recognized as an asset.

Operating leases

The rental payable under operating leases is recognized as operating lease expenses in the income statement on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of VimpelCom's benefit. No asset is capitalized. If the periodic payments or part of the periodic payments has been prepaid, the Company recognizes these prepayments in the statement of financial position as other non-financial assets.

Intangible assets (excluding Goodwill)

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets (excluding eligible development costs) are expensed in the income statement as incurred. The cost basis of intangible assets acquired as part of a business combination is the fair value of the assets at acquisition date.

Intangible assets with a finite useful life are amortized over the estimated life on a systematic basis starting from the date the asset is ready for use. The amortization method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. The useful lives for licenses and other significant intangibles depend on the terms of the license or other agreements. If that pattern cannot be determined reliably, the straight-line method is used. For intangible assets associated with customer relationships, the Company uses a declining balance amortization pattern based on the value contribution brought by customers. For other intangible assets, the straight-line method is used. The amortization charge for each period is recognized in profit or loss. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement ('Loss on disposals of non-current asset') when the asset is derecognized.

Goodwill

Goodwill is recognized for the future economic benefits arising from net assets acquired that are not individually identified and separately recognized. Goodwill is the difference between the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the non-controlling interest is measured at its fair value, goodwill includes amounts attributable to the non-controlling interest. If the non-controlling interest is measured at its proportionate share of identifiable net assets, goodwill includes only amounts attributable to VimpelCom.

Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Impairment of assets

Property and equipment, intangible assets and investments in associates and joint ventures are tested for impairment. The Company assesses, at the end of each reporting period, whether there are any indicators that an asset may be impaired. If there are such indicators (i.e. asset becoming idle, damaged or no longer in use), the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Goodwill is tested for impairment annually as of 1 October and as necessary when circumstances indicate that the carrying value may be impaired. Goodwill impairment is identified by assessing the recoverable amount, being the higher of Value in Use and Fair Value less Cost of Disposal, of each CGU (or group of CGUs). Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized for the difference. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement in the same line item where impairment was originally recorded unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGUs. These budgets and forecast calculations are available for a period of three years. For the periods between third and fifth years extrapolation is applied for revenue growth to arrive at a long term inflation rate. For longer periods, a long term growth rate is applied in order to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the income statement in a separate line item.

Financial instruments

Derivative financial instruments and hedge accounting

The Company uses derivative instruments such as forwards, interest rate swaps and forward rate agreements, futures, options and others in line with its Risk Management guidelines. The Company does not enter into any derivative instruments for trading or speculative purposes. Such derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

When a contract is entered into, the instrument is initially recognized at fair value, with subsequent changes in fair value being recognized as a financial component of income. Where a hedge relationship is identified and the derivative financial instrument is designated as a hedge, subsequent changes in fair value are accounted for in accordance with the specific criteria discussed below. The relationship between each derivative qualifying as a hedging instrument and the hedged item is documented to include the risk management objective, the strategy for covering the hedge and the means by which the hedging instrument's effectiveness will be assessed. An assessment of the effectiveness of each hedge is made when each derivative financial instrument becomes active and throughout the hedge term.

When the hedge refers to changes in the fair value of a recognized asset or liability (a fair value hedge), the changes in the fair value of the hedging instrument and those of the hedged item are both recognized in profit or loss. If the hedge is not fully effective, the non-effective portion is treated as finance income or expense for the year in the income statement.

For a cash flow hedge, the fair value changes of the derivative are subsequently recognized, limited to the effective portion, in other comprehensive income (cash flow hedge reserve). A hedge is normally considered highly effective if from the beginning and throughout its life the changes in the expected cash flows for the hedged item are substantially offset by the changes in the fair value of the hedging instrument. When the economic effects deriving from the hedged item are realized, the reserve is reclassified to the income statement together with the economic effects of the hedged item. Whenever the hedge is not highly effective, the non-effective portion of the change in fair value of the hedging instrument is immediately recognized as a financial component of the profit or loss for the year. The Company designated cash flow hedges with respect to certain obligations denominated in USD for the entities which functional currency is EUR or RUB and with respect to floating rate debt which was swapped to fixed rate. These obligations are translated at the year-end exchange rate and any resulting exchange gains and losses are offset in the income statement against the change in the fair value of the hedging instrument.

When hedged forecasted cash flows are no longer considered highly probable during the term of a derivative, the portion of the cash flow hedge reserve relating to that instrument is reclassified as a financial component of the profit or loss for the year. If instead the derivative is sold or no longer qualifies as an effective hedging instrument, the cash flow hedge reserve recognized to date remains as a component of equity and is reclassified to profit or loss for the year in accordance with the criteria of classification described above when the originally hedged transaction affects profit or loss.

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management determines fair value based on a hypothetical transaction that would take place in the principal market or, in its absence, the most advantageous market. The principal market is the market with the greatest volume and level of activity for the asset or liability. The most advantageous market is the market that maximises the amount that would be received to sell the asset or minimises the amount that would be paid to transfer the liability, after taking into account transaction costs and transport costs.

Fair value measurement is based on the assumptions of market participants (that is, it is not a Group-specific measurement). Market participants are buyers and sellers in the principal (or most advantageous) market for the asset or liability that are independent, knowledgeable, able and willing to transact in the asset or liability.

The fair value hierarchy ranks fair value measurements based on the type of inputs; it does not depend on the type of valuation techniques used:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: inputs are unobservable inputs for the asset or liability

Any put options granted to non-controlling interests give rise to a financial liability, which are measured at the present value of the redemption amount. Subsequently, the put option is accounted for with an effective interest method of accounting.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are measured by applying the weighted-average cost method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses. The amount of any reversal of any write-down of inventories is recognized in the Income Statement in the period in which the reversal occurs.

Phone sets are often sold for less than cost in connection with promotions to obtain new subscribers with minimum commitment periods. Such loss on the sale of equipment is only recorded when the sale occurs if the normal resale value is higher than the cost of the phone set. If the normal resale value is lower than cost, the difference is recognized as impairment immediately.

Trade and other receivables

Trade and other receivables include invoiced amounts less appropriate allowances for estimated uncollectible amounts. Estimated uncollectible amounts are based on the ageing of the receivable balances, payment history and other evidence of collectability. Receivable balances are written off when management deems them not to be collectible.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position are comprised of cash at banks and on hand and highly liquid investments that are readily convertible to known amounts of cash, are subject to only an insignificant risk of changes in value and have an original maturity of less than 92 days.

Convertible preference shares (“CPS”)

Both a liability and an equity component are recorded for CPS. The value of the liability is equal to the present value of the redemption amount, which represents the value of USD 0.001 per share. The equity value is the residual amount after deducting the debt value from the fair value of the entire instrument.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. In the case of litigation against VimpelCom, no provision is made when the legal procedures are at too early stage to estimate the outcome with any reliability.

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions are discounted to their present value if the effect of the time value of money is material. In order to calculate the present value, a pre-tax risk free rate that reflects current market assessments of the time value of money and the risks specific to the liability is used. In some cases, a part or all of the expenditure required to settle a provision is expected to be reimbursed by another party. The reimbursement is recognized only if it is virtually certain that the reimbursement will be received when the obligation is settled. The reimbursement is treated as a separate asset.

The Company discloses for each class of provision, carrying amounts at the beginning and end of the period, additions, amounts used, unused amounts reversed and adjustments due to discount reversal or changes in the discount rate as well as translation adjustments.

Contingent liabilities and assets are not recognized on the statement of financial position.

4. Significant accounting judgments, estimates and assumptions

Accounting judgments

Debt refinancing

The Company occasionally negotiates with lenders to restructure its existing debt obligations. Such restructuring may result in a modification or an exchange of debt instruments with the lender that may be carried out in a number of ways. Whether a modification or exchange of debt instruments represents a settlement of the original debt or merely a renegotiation of that debt determines the accounting treatment that should be applied by the Company. An exchange between the Company and the existing lender of debt instruments with substantially different terms should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability with a resulting profit or loss recorded in the income statement. If the terms are not substantially different, modification accounting is applied, whereby no profit or loss is recorded in the income statement. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition to this test, the Company needs to apply judgment if there are other qualitative factors that would indicate the terms to be substantially different. See Note 17 for details of the debt refinancing completed by the Company, and the corresponding accounting concluded.

Events after the reporting period

The financial statements present, among other things, the Company's financial position at the end of the reporting period. In certain circumstances, it is appropriate to adjust the financial statements for events that occurred subsequent to the end of the reporting period but prior to the date the financial statements are authorized for issue, where the events offer greater clarity concerning the conditions that existed at the end of the reporting period. Reported amounts in certain cases should be adjusted for 'adjusting events' that provide evidence of conditions that existed at the end of the reporting period, whereas in other cases ('non-adjusting events'), the Company is not required to change reported amounts, but is required to disclose the nature of the non-adjusting events in the financial statements. Judgment is needed to distinguish between adjusting and non-adjusting events. See Note 27 for details of the subsequent events identified by the Company as requiring adjustment or disclosure by the Company.

Critical accounting estimates

A critical accounting estimate is an estimate that is both important to the presentation of the Group's financial position and requires management's most difficult, subjective or complex judgments, often as a result of the need to determine estimates and develop assumptions about the outcome of matters that are inherently uncertain. Management evaluates such estimates on an on-going basis, based upon historical results, historical

experience, trends, consultations with experts, forecasts of the future, and other methods which management considers reasonable under the circumstances. Management considers the accounting estimates discussed below to be its critical accounting estimates, and, accordingly, provides an explanation of each.

Revenue Recognition

The Group's revenue primarily consists of revenue from sale of services and periodic subscriptions. The Group offers customers, via MEAs ('bundles') or otherwise, a number of different services with different price plans, and provides discounts in various types and forms, often in connection with different campaigns, over the contractual or average customer relationship period. Determining the fair value of each deliverable can require complex estimates due to the nature of the goods and services provided. The Group also sells wholesale products to other operators and vendors in different countries and across borders. Management has to make estimates related to revenue recognition, relying to some extent, on information from other operators regarding values of services delivered. Management also makes estimates for the final outcome in instances where the other parties dispute the amounts charged. Furthermore, management has to estimate the average customer relationship for revenue that is initially recognized as deferred revenue in the statement of financial position and is thereafter recognized in the income statement over a future period, e.g. connection fees. Management also applies judgment in evaluating gross or net presentation of revenue and associated fees. In this case, among others, the main factor is whether the Company is considered as the primary obligor in the transactions, and the extent of latitude in establishing prices.

Business combinations

We have entered into certain acquisitions in the past and may make additional acquisitions in the future. For the larger acquisitions, third-party valuation experts are engaged to assist in determining and allocating the fair values of the assets acquired and liabilities assumed. 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 subject to depreciation 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 determine the purchase price paid, which includes the fair value of securities issued and an estimate for any contingent consideration.

After the purchase price is established, we allocate it 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. Significant acquired intangible assets that have been recognized by the Group in connection with business combinations include customer bases, customer contracts, brands, licenses, service concession rights, roaming agreements and software. The significant tangible assets primarily include networks. The valuation of the individual assets, in particular intangible assets, such as customer intangibles, brands, and so forth requires 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." See Note 6 for further information about significant business combinations.

Impairment of non-current assets

The Group has made significant investments in property and equipment, intangible assets, goodwill and other investments.

Pursuant to IAS 36, goodwill and other intangible assets with indefinite useful lives and intangible assets not yet brought into use must be tested for impairment annually or more often if indicators of impairment exist. Other assets are tested for impairment when circumstances indicate there may be a potential impairment.

Estimating recoverable amounts of assets and CGUs must, in part, be based on management's evaluations, including the determination of the appropriate CGUs, the discount rate, estimates of future performance, the revenue generating capacity of the assets, timing and amount of future purchases of property and equipment, assumptions of the future market conditions and the long-term growth rate into perpetuity (terminal value). Changing the assumptions selected by management, in particular, the discount rate and growth rate assumptions used to estimate the recoverable amounts of assets, could significantly impact the Group's impairment evaluation and hence results.

A significant part of the Group's operations is in countries with emerging markets. The political and economic situation in these countries may change rapidly and recession may potentially have a significant impact on these countries. On-going recessionary effects in the world economy, and increased macroeconomic risks, impact our assessment of cash flow forecasts and the discount rates applied.

There are significant variations between different markets with respect to growth, mobile penetration, ARPU, market share and similar parameters, resulting in differences in operating margins. The future developments of operating margins are important in the Group's impairment assessments, and the long-term estimates of these margins are highly uncertain. In particular this is the case for emerging markets that are still not in a mature phase.

See Note 10 for further information about the goodwill and other non-current assets impairment test.

Depreciation and amortization of non-current assets

Depreciation and amortization expenses are based on management estimates of useful life, residual value and amortization method of property and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortization or depreciation charges. Technological developments are difficult to predict and our views on the trends and pace of development may change over time. Some of the assets and technologies, in which the Group invested several years ago, are still in use and provide the basis for the new technologies. Critical estimates in the evaluations of useful lives for intangible assets include, but are not limited to, the estimated average customer relationship based on churn, the remaining license or concession period and the expected developments in technology and markets. The useful lives of property and equipment and intangible assets are reviewed at least annually, taking into consideration the factors mentioned above and all other important relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate and quality of components used. 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. We continue to evaluate the amortization period for intangible assets with finite lives to determine whether events or circumstances warrant revised amortization periods. A change in estimated useful lives is a change in accounting estimate, and depreciation and amortization charges are adjusted prospectively. See Note 15 and 16 for further information.

Deferred tax assets and uncertain tax positions

Deferred tax assets are recognized to the extent that it is probable that the assets will be realized. Significant judgment is required to determine the amount that can be recognized and depends foremost on the expected timing, level of taxable profits, tax planning strategies and the existence of taxable temporary differences. The estimates relate primarily to losses carried forward in some of the Group's foreign operations. When an entity has

a history of recent losses the deferred tax asset arising from unused tax losses is recognized only to the extent that there is convincing evidence that sufficient future taxable profit will be generated. Estimated future taxable profit is not considered such evidence unless that entity has demonstrated the ability by generating significant taxable profit for the current year or there are certain other events providing sufficient evidence of future taxable profit. New transactions and the introduction of new tax rules may also affect the judgments due to uncertainty concerning the interpretation of the rules and any transitional rules.

Provisions for uncertain tax positions are recognized when it is probable that a tax position will not be sustained and the amount can be reliably measured. The expected resolution of uncertain tax positions is based upon managements' judgment of the likelihood of sustaining a position taken through tax audits, tax courts and/or arbitration, if necessary. Circumstances and interpretations of the amount or likelihood of sustaining a position may change through the settlement process. Furthermore, the resolution of uncertain tax positions is not always within the control of the Group and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve. See Note 13 and Note 26 for further information.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but when this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 17 for further information.

Provisions

The Group is subject to various legal proceedings, disputes and claims, including regulatory discussions related to the Group's business, licenses, tax positions and investments and the outcomes are subject to significant uncertainty. Management evaluates, among other factors, the degree of probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Group to increase or decrease the amount recorded or to be recorded for a matter that has not been previously recorded because it was not considered probable.

For certain operations in emerging markets, the Group is involved in legal proceedings and regulatory discussions. Management's estimates relating to legal proceedings and regulatory discussions in these countries involve a high level of uncertainty. See Note 24 and 26 for further information.

5. Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loans given and other receivables, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company views derivative instruments as risk management tools and does not use them for trading or speculative purposes.

The Group is exposed to market risk, credit risk and liquidity risk.

The Company's Management Board oversees the management of these risks. The Company's Management Board is supported by the treasury department that advises on financial risks and the appropriate financial risk governance framework for the Company. The Finance and Strategy Committee provides assurance to the

Company's Management Board that the Group's financial risk management activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

The Group Chief Executive Officer, the Group Chief Financial Officer and other senior management of the Company review and agree policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and credit risk. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as of 31 December in 2014 and 2013. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2014 and 2013 respectively. The analyses exclude the impact of movements in market variables on the carrying value of pension and other post-retirement obligations (insignificant for the Group), provisions and the non-financial assets (as disclosure focuses on financial instruments) and the translation risk of liabilities of foreign operations (not intended to be covered in this note based on IFRS rules).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To further manage this, the Company enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

At 31 December 2014, after taking into account the effect of interest rate swaps, approximately 76% of the Company's borrowings are at a fixed rate of interest (2013: 93%).

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings, taking into account the related derivative financial instruments, cash and cash equivalents and current deposits. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings and cash and the Company's equity is affected through the impact of a parallel shift of the yield curve on the fair value of derivatives to which cash flow hedge accounting is applied as follows:

	<u>Increase/decrease in basis points</u>	<u>Effect on profit before tax</u>	<u>Effect on other components of equity</u>
2014			
Euro	+100	(18)	253
US Dollar	+100	3	(242)
Algerian Dinar	+100	27	—
Bangladeshi Taka	+100	(1)	—
Uzbek Sum	+100	6	—
Pakistani Rupee	+100	(3)	—
Other currencies	+100	(11)	—
Euro	-100	37	(72)
US Dollar	-100	(3)	252
Algerian Dinar	-100	(27)	—
Bangladeshi Taka	-100	1	—
Uzbek Sum	-100	(6)	—
Pakistani Rupee	-100	3	—
Other currencies	-100	(8)	—
2013			
Euro	+100	(4)	234
US Dollar	+100	6	(205)
Algerian Dinar	+100	26	—
Bangladeshi Taka	+100	(3)	—
Uzbek Sum	+100	3	—
Other currencies	+100	1	—
Euro	-100	4	(235)
US Dollar	-100	(6)	214
Algerian Dinar	-100	(26)	—
Bangladeshi Taka	-100	3	—
Uzbek Sum	-100	(3)	—
Other currencies	-100	(1)	—

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the debt at subsidiary level denominated in currencies other than their functional currency, the Company's operating activities (predominantly capital expenditures at subsidiary level denominated in a different currency from the subsidiary's functional currency) and the Company's net investments in foreign subsidiaries.

The Company manages its foreign currency risk by selectively hedging cash flow exposures that are expected to occur within a maximum 18-month period.

The Company hedges part of its exposure to fluctuations on the translation into US dollar of its foreign operations by holding net borrowings in foreign currencies and can use foreign currency swaps and forwards for this purpose as well.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates against the USD with all other variables held constant. The table shows the effect on the Company's profit before tax (due to changes in the value of monetary assets and liabilities, including non-designated foreign currency derivatives) and equity (due to the effect on the cash flow hedge reserve). The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in foreign exchange rate against USD	Effect on profit before tax	Effect on other components of equity
2014			
Euro	10% depreciation	31	95
Russian Ruble	10% depreciation	(34)	7
Bangladeshi Taka	10% depreciation	(67)	—
Kazakh Tenge	10% depreciation	44	—
Uzbek Sum	10% depreciation	(26)	—
Georgian Lari	10% depreciation	(22)	—
Algerian Dinar	10% depreciation	(41)	—
Other currencies	10% depreciation	(7)	—
Euro	10% appreciation	(34)	(105)
Russian Ruble	10% appreciation	40	(7)
Bangladeshi Taka	10% appreciation	73	—
Kazakh Tenge	10% appreciation	(48)	—
Uzbek Sum	10% appreciation	29	—
Georgian Lari	10% appreciation	24	—
Algerian Dinar	10% appreciation	45	—
Other currencies	10% appreciation	7	—
2013			
Euro	10% depreciation	(103)	137
Russian Ruble	10% depreciation	(89)	3
Bangladeshi Taka	10% depreciation	(48)	—
Kazakh Tenge	10% depreciation	25	—
Uzbek Sum	10% depreciation	(23)	—
Algerian Dinar	10% depreciation	(43)	—
Other currencies	10% depreciation	(3)	—
Euro	10% appreciation	113	(151)
Russian Ruble	10% appreciation	98	(4)
Bangladeshi Taka	10% appreciation	53	—
Kazakh Tenge	10% appreciation	(28)	—
Uzbek Sum	10% appreciation	26	—
Algerian Dinar	10% appreciation	48	—
Other currencies	10% appreciation	4	—

The movement on the profit/(loss) before tax is a result of a change in the fair value of foreign currency derivative financial instruments not designated in a hedging relationship and monetary assets and liabilities denominated in currencies other than the functional currency of the entity. Although the derivatives have not been designated in a hedge relationship, they act as a commercial hedge and will partly offset the underlying transactions when they occur.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. See Note 21 for further information on restrictions on cash balances.

Trade accounts receivable consist of amounts due from customers for airtime usage and amounts due from dealers and customers for equipment sales. In certain circumstances, VimpelCom requires deposits as collateral for airtime usage. In addition, VimpelCom has introduced a prepaid service GSM network. Equipment sales are typically paid in advance of delivery, except for equipment sold to dealers on credit terms. VimpelCom's credit risk arising from its trade accounts receivable from customers is mitigated as a result of 94% of its active customers being subscribed to a prepaid service as of 31 December 2014 (2013: 92%) and, accordingly, not giving rise to credit risk.

VimpelCom's credit risk arising from its trade accounts receivable from dealers is mitigated due to the large number of dealers. Management periodically reviews the history of payments and credit worthiness of the dealers. The Company also has receivables from other local and international operators from interconnect and roaming services provided to their customers, as well as receivables from customers using fixed-line services, such as business services, wholesale services and services to residents. Receivables from other operators for roaming services are settled through clearing houses which mitigates credit risk in this regard.

VimpelCom holds available cash in bank accounts, as well as other financial assets with financial institutions in countries where it operates. To manage credit risk associated with such asset holdings, VimpelCom allocates its available cash to a variety of local banks and local affiliates of international banks within the limits set forth by its treasury policy. Management periodically reviews the credit worthiness of the banks with which it holds assets. In respect of financial instruments used by the Company's treasury function, the aggregate credit risk the Group may have with one counterparty is limited by reference to, amongst others, the long-term credit ratings assigned for that counterparty by Moody's, Fitch Ratings and Standard & Poor's and CDS spreads of that counterparty.

VAT is recoverable from tax authorities by offsetting it against VAT payable to the tax authorities on VimpelCom's revenue or direct cash receipts from the tax authorities. Management periodically reviews the recoverability of the balance of input value added tax and believes it is fully recoverable.

VimpelCom issues advances to a variety of its vendors of property and equipment for its network development. The contractual arrangements with the most significant vendors provide for equipment financing in respect of certain deliveries of equipment. VimpelCom periodically reviews the financial position of vendors and their compliance with the contract terms.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited given that the Group's customer base is large and unrelated. Due to this management believes there is no further credit risk provision required in excess of the provision for bad and doubtful receivables.

Financial instruments and cash deposits

Credit risk from financial assets held with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty, which have been set as a function

of the current banking relationship, the credit rating of the counterparty and the legal group it belongs to and the balance sheet total of the counterparty. Counterparty credit limits are reviewed and approved by the Company's CFO. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2014 and 2013 is the carrying amount as illustrated in Note 17.

Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, financial and operating leases. The Company's policy is that not more than 35% of borrowings should mature in a single year. 11% of the Company's debt will mature in less than one year at 31 December 2014 (2013: 6%) based on the carrying value of bank loans, equipment financing and loans from others reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low based on liquidity in the markets the Company has access to, and recent history of refinancings. The Company believes that access to sources of funding is sufficiently available and the Company's policy is to diversify the funding sources where possible. See Note 27 for subsequent changes to the maturity schedule following the refinancing in Italy and other financing transactions.

The Company has the following Facilities:

At 31 December 2014	Facility	Maturity	Amounts in millions of transaction currency			USD equivalent amounts		
			Facility amount	Utilized	Available	Facility amount	Utilized	Available
	VimpelCom Amsterdam B.V.— Revolving Credit Facility . . .	April 2017	USD 1,800	USD 500	USD 1,300	1,800	500	1,300
	VimpelCom Holdings B.V.— Vendor Financing Facility China Development Bank / Bank of China	November 2017	USD 1,000	—	USD 1,000	1,000	—	1,000
	OJSC VimpelCom—Revolving Credit Facility Sberbank	May 2017	RUB 15,000	—	RUB 15,000	267	—	267
	WIND Telecomunicazioni S.p.A.—Revolving Credit Facility	November 2018	EUR 600	EUR 100	EUR 500	726	121	605
	Omnium Telecom Algeria SpA—Term Loan Facility . . .	September 2019	DZD 50,000	—	DZD 50,000	569	—	569
	Optimum Telecom Algérie SpA—Term Loan Facility . . .	September 2019	DZD 32,000	—	DZD 32,000	364	—	364
	Total					4,726	621	4,105

At 31 December 2013		Amounts in millions of transaction currency			USD equivalent amounts		
		Facility amount	Utilized	Available	Facility amount	Utilized	Available
Facility	Maturity						
VimpelCom Amsterdam B.V.— Revolving Credit Facility	December 2014	USD 225	—	USD 225	225	—	225
VimpelCom Amsterdam B.V.— Revolving Credit Facility	December 2014	EUR 205	—	EUR 205	281	—	281
VimpelCom Amsterdam B.V.— Vendor Financing Facility China Development Bank	December 2014	USD 500	USD 103	USD 397	500	103	397
VimpelCom Amsterdam B.V.— Vendor Financing Facility HSBC Bank	March 2015	USD 270	USD 87	USD 183	270	87	183
OJSC VimpelCom—Revolving Credit Facility Sberbank	May 2017	RUB 15,000	—	RUB 15,000	458	—	458
WIND Telecomunicazioni S.p.A.—Revolving Credit Facility	November 2016	EUR 400	EUR 100	EUR 300	550	138	412
Total					2,284	328	1,956

All facilities at 31 December 2014 are new and/or extended and have replaced facilities existing at 31 December 2013, which have been either terminated or fully utilized.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Payments related to variable interest rate financial liabilities and derivatives are included based on the interest rates applicable as per 31 December 2014 and 31 December 2013 respectively. The total amounts in the table differ from the carrying amounts as stated in Note 17 as the below table includes both notional amounts and interest while the carrying amounts are based on amongst others notional amounts, fair value adjustments and unamortized fees.

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
At 31 December 2014					
Bank loans and bonds	3,948	6,355	6,835	15,513	32,651
Equipment financing	290	386	275	184	1,135
Loans from others	149	156	34	313	652
Derivatives over non-controlling interest	—	330	—	—	330
Derivative financial instruments—liabilities					
—Gross cash inflows	(8)	(15)	—	—	(23)
—Gross cash outflows	43	65	13	3	124
Trade and other payables and dividend payables	4,007	—	—	—	4,007
Total financial liabilities	8,429	7,277	7,157	16,013	38,876
Related derivative financial instruments—assets					
—Gross cash inflows	(969)	(665)	(665)	(5,668)	(7,967)
—Gross cash outflows	708	505	503	4,988	6,704
Related financial instruments—assets	(261)	(160)	(162)	(680)	(1,263)
Net	8,168	7,117	6,995	15,333	37,613

	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>More than 5 years</u>	<u>Total</u>
At 31 December 2013					
Bank loans and bonds	3,637	8,493	17,459	6,163	35,752
Equipment financing	216	279	150	93	738
Loans from others	108	98	42	53	301
Derivatives over non-controlling interest	—	—	330	—	330
Derivative financial instruments—liabilities					
—Gross cash inflows	(421)	(485)	(2,710)	(604)	(4,220)
—Gross cash outflows	482	566	2,761	636	4,445
Trade and other payables	4,860	—	—	—	4,860
Total financial liabilities	<u>8,882</u>	<u>8,951</u>	<u>18,032</u>	<u>6,341</u>	<u>42,206</u>
Related derivative financial instruments—assets					
—Gross cash inflows	(154)	(306)	(1,453)	—	(1,913)
—Gross cash outflows	151	302	1,426	—	1,879
Related derivative financial instruments—assets	(3)	(4)	(27)	—	(34)
Net	<u>8,879</u>	<u>8,947</u>	<u>18,005</u>	<u>6,341</u>	<u>42,172</u>

Capital management

The primary objective of the Company's capital management is to ensure that it maintains at least a BB/Ba3 credit rating, with an aim to improve this, and healthy capital ratios in order to secure access to debt and capital markets at all times and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013. In January 2014, our Supervisory Board approved a dividend policy pursuant to which from 2014 the Company aims to pay annual dividends of USD 0.035 per share until the Company reaches a group Net Debt to EBITDA ratio of less than 2 times.

The Net Debt to Adjusted EBITDA ratio is an important measure to assess the capital structure in light of maintaining a strong credit rating. Net Debt represents the amount of interest-bearing debt at amortized costs and guarantees given less cash and cash equivalents and current and non-current bank deposits adjusted for derivatives designated as hedges. Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortization and impairment, loss on disposals of non-current assets, other non-operating losses and shares of profit/ (loss) of associates and joint ventures).

The Net Debt to Adjusted EBITDA ratio relevant to the Company's Russian subsidiary OJSC VimpelCom, which holds and/or guarantees a major part of the debt of the Company, at 31 December 2014 and 2013 was 2.4 and 2.8x respectively. The required ratio is <3.5x (2013: <3.5x) for a portion of the debt. The ratio is calculated based on the consolidated financial statements of OJSC VimpelCom prepared under IFRS.

Another major part of the debt of the Company is held and/or guaranteed by Wind Italy, to which the Net Debt to Adjusted EBITDA ratio of 5.87x (2013: 4.67x) is relevant. The required ratio is <5.95x (2013:< 4.95x). The ratio is calculated based on consolidated financial statements of Wind Italy prepared under IFRS. The required ratio was increased as part of the consent of the WIND Senior Facility Agreement, as mentioned in Note 17.

Furthermore, debt issued in 2014 by VimpelCom Amsterdam B.V. and VimpelCom Holdings B.V. that is not guaranteed by OJSC VimpelCom (refer to Note 17) includes a Net Debt to Adjusted EBITDA covenant ratio on the basis of the consolidated financial statements of VimpelCom Ltd. At 31 December 2014, the Net Debt to Adjusted EBITDA ratio was 2.5x. The required ratio is <3.5x.

Collateral

The Company provides collateral for some lenders which is described for individual loans in Note 26.

6. Business combinations and other significant transactions

There were no significant business combinations during 2014 and 2013. Other significant transactions in 2014 and 2013 are discussed below.

Other transactions in 2014

Sale of 51% shareholding in Omnim Telecom Algerie (OTA) and settlement of disputes with the Algerian State

In April 2014, the Company, together with its subsidiary Global Telecom Holding S.A.E (“GTH”), entered into a share purchase agreement (“SPA”) to sell a non-controlling 51% interest in OTA to the Fonds National d’Investissement (the “Algerian National Investment Fund” or “FNI”) for a cash consideration of USD 2,643 and to settle its disputes with the Algerian Government.

Upon signing of the SPA in April 2014, GTH suspended its current international arbitration against the Algerian State.

On 30 January 2015, the Company completed the sale by GTH of a non-controlling 51% interest in OTA to FNI, and ultimately terminated the international arbitration and all claims relating thereto.

The Company, GTH and the FNI entered into a shareholders agreement (“SHA”), effective as of the closing of the transaction (the “Closing”), which governs the relationship of GTH and the FNI as shareholders in OTA going forward. GTH will continue to exercise operational control over OTA and, as a result, both GTH and VimpelCom will continue to consolidate OTA. Accordingly, the gain upon sale will be recorded directly in equity as a transaction between the owners acting in their capacity as shareholders upon Closing of the SPA in January 2015.

Prior to the completion of the sale in January 2015, OTA paid a dividend to its shareholders in the amount of USD 1,862 equivalent.

Prior to Closing and in order to facilitate the Closing, OTA contributed its operations to Optimum Telecom Algérie S.p.A. (“Optimum”), a wholly-owned subsidiary of OTA. In addition, prior to Closing, OTA and Optimum established credit facilities with a syndicate of Algerian and international banks in an aggregate amount of DZD 82,000 (USD 932 equivalent) to finance part of the payments to be made by OTA at Closing and Optimum’s future operations.

As part of the transaction, the Company agreed, effective at Closing, that OTA will waive its tax receivable from the Algeria tax authorities in an amount of DZD 39,717 million (USD 451 equivalent), and pay with no admission of liability or wrongdoing, the fines from the Bank of Algeria of DZD 99,000 million (USD 1,125 equivalent) for alleged breaches of foreign exchange regulations in Algeria. As a condition precedent to Closing, the Bank of Algeria lifted the injunction that restricts all Algerian banks from engaging in foreign banking transactions on behalf of OTA, which will allow OTA to import the necessary equipment to improve the quality of the existing network, and pay dividends.

The waiver of the tax receivable and the payment of the claim from the Bank of Algeria are an integral part of the SPA.

Settling both disputes as part of entering into the SPA in April 2014 was considered an adjusting subsequent event under IAS 10 “Events after the Reporting Period” for the year ended 31 December 2013. Consequently, the waiver of the tax receivable of DZD 39,717 million (USD 451 equivalent) and the BofA payment of DZD 99,000 million (USD 1,125 equivalent) were already recorded in the consolidated income statement for the year ended 31 December 2013 as Income tax expense and Selling, general and administrative expenses, respectively. Also, deferred tax liabilities and related income tax expense were recorded for temporary difference on undistributed reserves in OTA of USD 246, representing the future withholding tax on the dividend to be paid prior to Closing and relating to the future capital gain tax. Additional tax charges of USD 88 were accounted for in 2013, due to the adverse tax impact of recording a provision for above mentioned claim from Bank of Algeria. As a result, the Group took a one-off cumulative charge of USD 2,151 in its 2013 consolidated income statement. In 2014, the Company had to record additional tax charges of USD 96 on increased undistributed profits in OTA.

As part of the transaction, GTH received an option to sell (a “Put Option”) all (and not less than all) of the OTA shares it holds to the FNI at the then fair market value. The Put Option is exercisable solely at the discretion of GTH during the three month period between 1 July 2021 and 30 September 2021 as well as at any time upon occurrence of certain events. Concurrently, the FNI received an option to buy (a “Call Option”) from GTH all (and not less than all) of the OTA shares GTH owns at the then fair market value. The Call Option is exercisable solely at the discretion of the FNI during the three month period between 1 October 2021 and 31 December 2021 as well as at any time upon the occurrence of certain events.

The minority shareholder in OTA, Cevital S.p.A. (“Cevital”) remained a shareholder at 3.43%, and agreed to terminate its existing OTA shareholding arrangements and dismiss all pending litigation against OTA in settlement for a dinar payment by OTA equating to approximately USD 50 (Note 26) plus Cevital’s entitled share of the approximately USD 1,862 pre-Closing dividend paid by OTA to its shareholders.

Disposal of interest in Wind Canada

The Company had an equity investment in and long term loans provided to the Globalive group of companies in Canada, including Globalive Wireless Management Corp., the operator of Wind Mobile cellular telephony service in Canada (“Wind Canada”). As of 31 December 2013, due to the recurring losses of Wind Canada and remote prospective of a possible disposal at the time, the equity investment and the long term loans had been impaired to zero.

On 16 September 2014, VimpelCom and GTH entered into and closed a sale and purchase agreement to sell all of their debt and equity interest in Wind Canada to a consortium of investors for CAD 135 million with the proceeds going to VimpelCom in repayment of part of the debt owed to VimpelCom. The successful sale transaction triggered a reversal of the impairment on the loans booked in 2013 in an amount of USD 110 million, and it was recorded in the line item “Impairment (gain)/loss” in the accompanied consolidated income statement.

Telecel Globe

On 17 October 2014 VimpelCom signed and closed a Sale and Purchase Agreement to dispose of its entire indirect 100.0% stake in Telecel Globe (“Telecel”). Telecel included operations in Central African Republic and Burundi. Both operations are part of the segment Africa & Asia. The sale transaction in October 2014 triggered an impairment loss of USD 25 recorded in the line item “Impairment (gain)/loss” of the accompanied consolidated income statement. The related CTA expense of USD 7 was recycled from the OCI and also recorded on the line item Impairment (gain)/loss.

Telecel's (100%) consolidated carrying values held for sale as of 31 December 2013 were as follows:

	As of 31 December 2013
Property and equipment	86
Intangible assets	32
Other non-current assets	2
Other current assets	22
Total assets	142
Non-current liabilities	18
Current liabilities	52
Total liabilities	70

Network Sharing Agreement with MTS

In late 2014 OJSC VimpelCom, a wholly owned indirect subsidiary of the Company, entered into an agreement with MTS for joint planning, development and operation of 4G/LTE networks in 36 regions of Russia. Under the terms of the agreement, between 2014 and 2016 MTS will build and operate 4G/LTE base stations in 19 regions and OJSC VimpelCom will build and operate 4G/LTE base stations in 17 regions of Russia. Within the first seven years of the project, OJSC VimpelCom and MTS plan to share base stations, platforms, infrastructure and resources of the transportation network, with each operator maintaining its own core network.

Other transactions in 2013

Rascom

On 15 July 2013, OJSC VimpelCom, the Russian subsidiary of VimpelCom Ltd., obtained control over CJSC Rascom, an entity which had until then been a joint venture accounted for using the equity method of accounting. The investment and its consolidation is not material for the Group and accounts for 0.1% of the Group revenue.

ION transaction

On 5 December 2013, VimpelCom Holdings B.V. has entered into a legally binding share purchase agreement to acquire 100% of the retail business of ION Group in Russia in the year 2017. The acquisition would be executed in the price range of USD 80—140 based on the financial results of ION Group for the year ended 31 December 2016 and is subject to an extensive list of conditions precedent to be satisfied.

7. Segment information

Management analyses the Company's operating segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. Management does not analyse assets or liabilities by reportable segments. The segment data for acquired operations are reflected herein from the date of their respective acquisition.

Management evaluates the performance of the Company's segments on a regular basis, primarily based on earnings before interest, tax, depreciation, amortization, impairment loss, loss on disposals of non-current assets, other non-operating losses and shares of profit/(loss) of associates and joint ventures ("**adjusted EBITDA**").

During the year ended 31 December 2014, the profit measure (Adjusted EBITDA) of operating segment Algeria exceeded 10% of the total Adjusted EBITDA of the Group, which required separate presentation of Algeria outside of Africa and Asia reporting segment. As a result, comparative information for the years ended 31 December 2013 and 2012 were adjusted accordingly. No other segment information was changed as a result of this determination.

Financial information by reportable segment for 2014, 2013 and 2012 is presented in the following tables.

Year ended 31 December 2014

	<u>Russia</u>	<u>Italy</u>	<u>Algeria</u>	<u>Africa and Asia</u>	<u>Ukraine</u>	<u>CIS</u>	<u>Total</u>	<u>HQ, adjustments and other eliminations</u>	<u>Total Segments</u>
Revenue									
External customers	7,361	6,150	1,692	1,665	977	1,777	19,622	5	19,627
Inter-segment	98	5	—	3	85	96	287	(287)	—
Total revenue	7,459	6,155	1,692	1,668	1,062	1,873	19,909	(282)	19,627
Adjusted EBITDA	2,980	2,416	857	579	484	912	8,228	(258)	7,970
Other disclosures									
Capital expenditures	1,559	1,025	415	837	138	268	4,242	12	4,254

Year ended 31 December 2013

	<u>Russia</u>	<u>Italy</u>	<u>Algeria</u>	<u>Africa and Asia</u>	<u>Ukraine</u>	<u>CIS</u>	<u>Total</u>	<u>HQ, adjustments and other eliminations</u>	<u>Total Segments</u>
Revenue									
External customers	9,007	6,614	1,796	1,710	1,546	1,863	22,536	10	22,546
Inter-segment	102	4	—	—	64	83	253	(253)	—
Total revenue	9,109	6,618	1,796	1,710	1,610	1,946	22,789	(243)	22,546
Adjusted EBITDA	3,815	2,598	(212)	617	781	856	8,455	(195)	8,260
Other disclosures									
Capital expenditures	1,822	1,287	122	488	211	369	4,299	7	4,306

Year ended 31 December 2012

	<u>Russia</u>	<u>Italy</u>	<u>Algeria</u>	<u>Africa and Asia</u>	<u>Ukraine</u>	<u>CIS</u>	<u>Total</u>	<u>HQ, adjustments and other eliminations</u>	<u>Total Segments</u>
Revenue									
External customers	9,102	6,977	1,842	1,881	1,595	1,664	23,061	—	23,061
Inter-segment	88	5	—	—	81	91	265	(265)	—
Total revenue	9,190	6,982	1,842	1,881	1,676	1,755	23,326	(265)	23,061
Adjusted EBITDA	3,878	2,658	1,047	691	859	813	9,946	(178)	9,768
Other disclosures									
Capital expenditures	1,853	1,415	47	353	232	384	4,284	—	4,284

The following table provides the reconciliation of consolidated Adjusted EBITDA to consolidated profit/ (loss) for the years ended 31 December:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Adjusted EBITDA	7,970	8,260	9,768
Depreciation	(2,839)	(3,050)	(2,926)
Amortization	(1,479)	(1,791)	(2,080)
Impairment loss	(992)	(2,973)	(386)
Loss on disposals of non-current assets	(74)	(100)	(205)
Finance costs	(2,026)	(2,150)	(2,029)
Finance income	54	91	154
Other non-operating losses	(152)	(172)	(75)
Shares of loss/(profit) of associates and joint ventures accounted for using the equity method	(38)	(159)	(9)
Net foreign exchange (gain)/ loss	(605)	20	70
Profit/(loss) before tax	<u>(181)</u>	<u>(2,024)</u>	<u>2,282</u>

The following table provides the breakdown of total operating revenue from external customers by mobile and fixed line for the years ended 31 December:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Mobile	16,552	19,094	19,442
Fixed line	3,075	3,452	3,619
Total	<u>19,627</u>	<u>22,546</u>	<u>23,061</u>

These business activities include the following operations:

- mobile primarily includes providing wireless telecommunication services to the Company's customers and other operators,
- fixed line primarily includes all activities for providing wireline telecommunication services, broadband and consumer internet.

VimpelCom provides both mobile and fixed line services in Russia, Italy, Ukraine, CIS, Pakistan, and until September 2014 in Burundi and the Central African Republic. The operations in Burundi and the Central African Republic were disposed of in September 2014 (see Note 6).

8. Other revenue

Other revenue of USD 383 for the year ended 31 December 2014 (2013: USD 292, 2012: USD 262) includes the amounts received for the settlement of agreements reached between Wind Italy and certain vendors. In connection with these agreements, the Company accepted an exposure to possible obligation. In case the Company fails to meet the obligation, it can be subject to cash penalties at the amount of up to USD 38. No provisions have been recognized with this respect because the risk of the penalty materializing was estimated not probable.

9. Selling, general and administrative expenses

Selling, general and administrative expenses consist of the following:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Network and IT costs	2,116	2,042	1,944
Personnel cost	1,539	1,806	1,769
Customer associated costs	1,612	1,783	1,866
Losses on receivables (Note 20)	201	207	232
Taxes	301	330	359
Provisions related to the Algeria transaction (Note 6)	50	1,266	—
Other G&A	906	939	992
Total	<u>6,725</u>	<u>8,373</u>	<u>7,161</u>

The following table sets forth the number of our employees at 31 December:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Russia	27,935	26,843	24,400
Italy	6,896	6,903	6,707
Algeria	3,732	4,040	4,016
Africa and Asia	5,742	7,585	9,802
Ukraine	4,116	4,510	5,001
CIS	7,437	7,729	8,075
Other	166	232	183
Total	<u>56,024</u>	<u>57,842</u>	<u>58,184</u>

The number of employees represents people employed by VimpelCom on a full-time or part-time basis excluding people working under contract agreements with external service providers.

10. Impairment

Carrying amount of goodwill and cash-generating units

Goodwill acquired through business combinations has been allocated to CGUs for impairment testing as follows:

<u>CGU</u>	<u>2014</u>	<u>Impairment</u>	<u>Translation adjustment</u>	<u>2013</u>
Italy	4,887	—	(667)	5,554
Russia	2,490	—	(1,789)	4,279
Ukraine	75	(767)	(535)	1,377
Algeria	1,702	—	(231)	1,933
Pakistan	307	(163)	21	449
Kazakhstan	322	—	(61)	383
Kyrgyzstan	228	—	(44)	272
Uzbekistan	143	—	(105)	248
Armenia	104	—	(17)	121
Laos	—	(34)	—	34
Others	27	(28)	(4)	59
Total	<u>10,285</u>	<u>(992)</u>	<u>(3,432)</u>	<u>14,709</u>

There were no changes to the methodology of goodwill allocation to CGUs in 2014.

The Company performed its annual goodwill impairment test as of 1 October. The Company considers the relationship between market capitalization and its book value, changes in country risk premiums and significant decreases in the operating results of its CGUs versus budgeted amounts among other factors, when reviewing for indicators of impairment. As of the impairment test date the market capitalization of the Group was not below the book value of its equity. The Company further performed an assessment for the period between 1 October and 31 December for any adverse developments that could have negatively impacted the valuations, and none were identified.

The recoverable amounts of the CGUs have been determined based on fair value less costs of disposal calculation using cash flow projections from business plans including subsequent changes in the existing networks, renewal of the telecom licenses as well as any intended restructurings. The business plans as approved by the Group's senior management cover the period of three years and are extrapolated for another two years. The key assumptions and outcome of the impairment test is discussed separately below.

Impairment losses

2014

Driven by continued volatile economic and political environment in Ukraine as well as deteriorated operating performance in the country, the Company concluded an impairment of USD 767. The recoverable amount was determined based on a fair value less costs of disposal calculation using the latest cash flow projections including the newly awarded 3G license as well as cost optimization restructurings and necessity to renew 2G licences in the future (Level 3 fair value). Due to current macroeconomic and geopolitical situation in the country, the Company applied higher post-tax discount factors for the first two years in the explicit period of 26.1% in 2015 and 19.4% 2016 followed by normalized post-tax discount rate of 16.8%. The political and economic environment in Ukraine remains very volatile and unpredictable, as indicated by the events that have occurred in the Ukraine in 2014 and continued in 2015. Depending on the developments in the Ukraine that may occur in the near future, additional impairments may need to be recognized.

The Company also concluded an impairment pertaining to its operations in Pakistan in an amount of USD 163. The impairment was mainly driven by significantly higher capital expenditures to expand the 3G telecommunication network planned for 2015 in order to regain the market share in the country following its contraction in 2014. The recoverable amount was determined based on a fair value less costs of disposal calculation using the latest cash flow projections including the expected capital expenditures to expand the network as well as necessity to renew 2G and 3G licenses in the future (Level 3 fair value). The post-tax discount rate applied was 16.6%.

Other impairment concluded related to goodwill in Laos of USD 34 and other smaller cash generating units of USD 28. The recoverable amounts were determined based on the fair value less costs of disposal using the latest cash flow projections and a post-tax discount rate of 16.2% for Laos and 13.1% for other cash generating units (Level 3 fair value).

In addition the Company recorded an impairment for other long-term assets for the total amount of USD 110, which was offset by an impairment reversal pertaining to the sale of the investment in Canada (Note 6).

2013

In its assessment of possible impairment triggering events in the fourth quarter, the Company determined that fourth quarter increases in the country risk premium and the increasingly volatile economic and political landscape in Ukraine required an impairment assessment to be made at 31 December 2013 for the Ukraine CGU. As a result of this 31 December 2013 impairment assessment, the Company recorded an impairment of goodwill in the Ukraine CGU in an amount of USD 2,085. The impairment was driven by macro-economic developments and the increases in the country risk premium, as well as weakening operational performance that resulted in the

reassessment of the Ukraine CGU's long-term forecast. The recoverable amount was determined based on a value in use calculation using the latest cash flow projections and a pre-tax discount rate of 23.1%. These assumptions reflect the increase in the risks inherent in the estimated future cash flows attributable to the current economic and political volatility in the country, which became more pronounced during the fourth quarter of 2013. Given the volatility in Ukraine, particularly approaching 31 December 2013, the Company in determining the appropriate discount rate, considered that the rating downgrades suffered by Ukraine in November, contained negative outlooks and were already likely superseded by then current events. Additionally the Company referred to credit default swap spreads during the fourth quarter. Based on all of the available information the Company concluded that the discount rate of 23.1% appropriately reflects the return an investor would seek from the Ukraine CGU.

Other impairments recorded in 2013 related to the CGUs Armenia and Laos in an amount of USD 20 and USD 25 respectively, due to weakening operational performance. The Armenia CGU is part of the "CIS" reportable segment while the Laos CGU is part of the "Africa and Asia" reportable segment. The recoverable amounts were calculated as value in use using the latest available cash flow projections, and a after-tax discount rate of 12.1% and 15.3% respectively. Changes in the critical estimates such as WACC, operating margin or revenue growth rate by one p.p. for these CGUs would not result in any additional material impairment.

There were no other goodwill impairments recorded during 2013.

In addition, during 2013, the Company fully impaired its investment in Wind Canada in an amount of USD 764, mainly related to the reassessment of the future prospects of Wind Canada's continuing operations in the country, which resulted from the strategic decision to withdraw from the January 2014 4G/LTE spectrum auction in the fourth quarter of 2013. In withdrawing from the spectrum auction, Wind Canada effectively curtailed its ability to execute its business plan and generate the cash flows necessary to repay the amounts owed by Wind Canada to the Company.

In addition the Company recorded an impairment for other long-term assets for the total amount of USD 79.

Key assumptions

The key assumptions and inputs used by the Company in undertaking the impairment test are the discount rate, average revenue growth rate (excluding perpetuity period), terminal growth rate, average operating margin and average capital expenditure as a percentage of revenue. Operating margin is defined as the ratio of operating income to revenue. Capital expenditure is defined as additions to property and equipment and intangible assets other than goodwill.

The discount rates used in the impairment test were initially determined in USD based on the risk free rate for 20-year maturity bonds of the United States Treasury adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU relative to the market as a whole. The equity market risk premium used was 5.5% (2013: 6.00%) and the systematic risk, beta, represents the median of the raw betas of the entities comparable in size and geographic footprint with the ones of the Company ("**Peer Group**"). The debt risk premium is based on the median of Standard&Poors long term credit rating of the Peer Group. The weighted average cost of capital is determined based on target debt-to-equity ratios representing the median historical five-year capital structure for each entity from the Peer Group. The discount rate in functional currency is adjusted for the long-term inflation forecast of the respective country in which the business operates, as well as the applicable country risk premium.

The Company estimates revenue growth rates and operating margin calculated based on Adjusted EBITDA divided by Total Operating Revenue for each CGU and each future year.

The revenue growth rates vary based on numerous factors, including size of market, GDP (Gross Domestic Product), foreign currency projections, traffic growth, market share and others.

Terminal growth rate is estimated based on a percentage that is lower than or equal to the country long-term inflation forecast, depending on the CGU.

The forecast of operating income margin is based on the budget of the following year and assumes cost optimization initiatives which are part of on-going operations, as well as, regulatory and technological changes known to date, such as telecommunication license issues and price regulation among others. Similarly, the capital expenditures are based on the budget of the following year and network roll-out plans.

<u>Discount rate (functional currency)</u>	<u>2014</u>	<u>2013</u>
Italy	7.9%	8.4%
Russia*	11.2%	12.5%
Ukraine*	16.8%	19.0%
Algeria**	10.8%	n.a.
Pakistan	16.6%	22.5%
Kazakhstan	11.4%	12.4%
Kyrgyzstan	16.5%	17.0%
Uzbekistan	10.2%	10.7%
Armenia	11.7%	12.1%
Laos	16.2%	15.3%

* Due to the current macroeconomic and geopolitical situation in Russia and Ukraine, the Company applied higher discount rates for the first two years as follows:

Russia: 18.9% (2015) and 12.1% (2016)
Ukraine: 26.1% (2015) and 19.4% (2016)

** Algeria—in prior reporting year 2013, the CGU was valued based on the sale price as part of the transaction with the Algerian Government (Note 6)

<u>Average annual revenue growth rate during forecast period (functional currency)</u>	<u>2014</u>	<u>2013</u>
Italy	2.1%	1.5%
Russia	1.2%	4.4%
Ukraine	4.6%	0.1%
Algeria	6.0%	n.a.
Pakistan	6.1%	11.8%
Kazakhstan	2.9%	3.7%
Kyrgyzstan	2.7%	8.6%
Uzbekistan	(3.6%)	3.1%
Armenia	2.1%	(1.3%)
Laos	5.6%	9.9%

<u>Terminal growth rate</u>	<u>2014</u>	<u>2013</u>
Italy	1.0%	1.0%
Russia	1.0%	3.0%
Ukraine	2.0%	3.0%
Algeria	4.0%	n.a.
Pakistan	6.0%	11.8%
Kazakhstan	3.0%	3.0%
Kyrgyzstan	3.0%	3.0%
Uzbekistan	2.0%	2.3%
Armenia	4.0%	4.0%
Laos	3.0%	4.0%

<u>Average operating margin</u>	<u>2014</u>	<u>2013</u>
Italy	18.3%	17.6%
Russia	21.1%	28.5%
Ukraine	25.8%	32.0%
Algeria	40.9%	n.a.
Pakistan	20.5%	27.6%
Kazakhstan	34.8%	36.0%
Kyrgyzstan	36.9%	38.9%
Uzbekistan	22.0%	25.8%
Armenia	13.7%	15.7%
Laos	5.1%	10.1%

<u>Average capital expenditure as a percentage of revenue</u>	<u>2014</u>	<u>2013</u>
Italy	16.4%	15.8%
Russia	17.5%	18.2%
Ukraine	22.6%	12.8%
Algeria	13.6%	n.a.
Pakistan	20.9%	15.8%
Kazakhstan	13.0%	12.9%
Kyrgyzstan	14.1%	12.7%
Uzbekistan	20.0%	20.1%
Armenia	15.7%	13.6%
Laos	18.3%	14.4%

Sensitivity to changes in assumptions

Other than as disclosed below, there is no reasonably possible change in any of the above key assumptions which would cause the carrying value of any CGU to exceed its recoverable amount.

The carrying value of the Italy CGU is equal to its estimated recoverable amount; consequently, any adverse change in key assumptions would, in isolation, cause an impairment loss to be recognized. An increase of WACC by one p.p. or deterioration of operating margin by one p.p. or decrease in revenue growth by one p.p. or decrease in terminal growth rate by one p.p. would result in additional impairments of: USD 1,778, USD 619, USD 642 or USD 1,482, respectively. The recoverable amount of Italy included the proceeds from the sale of the towers (see Note 27 for more details of the sale).

Similarly, the carrying value of the Armenia CGU is equal to its estimated recoverable amount. Any adverse change in key assumptions would, in isolation, cause an impairment loss to be recognized. An increase of WACC by one p.p. or deterioration of operating margin by one p.p. or decrease in revenue growth by one p.p. or decrease in terminal growth rate by two p.p. would result in additional impairments of: USD 32, USD 15, USD 14 or USD 48, respectively.

The following tables illustrate the headroom derived from the impairment test using the assumptions disclosed above, and, for reasonably possible changes, the amount by which each key assumption must change in isolation in order for the estimated recoverable amount to equal its carrying value.

<u>CGU</u>	<u>Period</u>	<u>Headroom</u>	<u>Increase of discount rate by</u>	<u>Decrease in Average Revenue Growth by</u>	<u>Decrease in Average Operating margin</u>	<u>Increase in Average Capital Expenditure</u>
Italy	2014	nil	any	any	any	any
	2013	646	0.4 p.p.	1.0 p.p.	1.0 p.p.	1.0 p.p.
Armenia	2014	nil	any	any	any	any

The impairment amount for the CGU Ukraine of USD 767 would increase following an increase of WACC by one p.p., or decrease in operating margin by one p.p. or decrease in revenue growth by one p.p. or decrease in terminal growth rate by one p.p. by USD 66, USD 56, USD 50 or USD 58, respectively.

The impairment amount for the CGU Pakistan of USD 163 would increase following an increase of WACC by one p.p., or decrease in operating margin by one p.p. or decrease in revenue growth by one p.p. or decrease in terminal growth rate by one p.p. by USD 130, USD 67, USD 62 or USD 102, respectively.

11. Other non-operating losses

Other non-operating losses/(gains) consisted of the following for the years ended 31 December:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Change in fair value of derivatives over non-controlling interests (Note 17)	35	46	9
Change in fair value of embedded derivatives (Note 17)	149	(71)	(31)
Change of fair value of other derivatives (Note 17)	(149)	—	—
Ineffective portion of hedges	7	119	—
Re-measurement of previously held investment in Rascom	—	(18)	—
Non-operating provisions, net of indemnity claims (Note 24)	—	100	70
Loss from early debt redemption (Note 17)	148	—	—
Other (gains)/ losses	(38)	(4)	27
	<u>152</u>	<u>172</u>	<u>75</u>

Results from early debt redemption and change in fair value of embedded derivatives mainly relate to the refinancing in Italy (Note 17).

12. Investments

12.1 Information about subsidiaries

The consolidated financial statements of the Group include the following subsidiaries for the years ended 31 December:

<u>Name of significant subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of the subsidiary</u>	<u>Equity interest in %</u>	
			<u>2014</u>	<u>2013</u>
VimpelCom Amsterdam B.V.	Netherlands	Holding	100%	100%
Wind Telecom S.p.A.	Italy	Holding	100%	100%
WIND Acquisition Holdings Finance S.p.A.	Italy	Holding	100%	100%
WIND Retail S.r.l.	Italy	Operating	100%	100%
WIND Telecomunicazioni S.p.A.	Italy	Operating	100%	100%
VimpelCom Holdings B.V.	Netherlands	Holding	100%	100%
OJSC VimpelCom	Russia	Operating	100%	100%
“Kyivstar” PJSC	Ukraine	Operating	100%	100%
Limnotex Developments Limited	Cyprus	Holding	71.5%	71.5%
LLP “KaR-Tel”	Kazakhstan	Operating	71.5%	71.5%
LLP “TNS-Plus”	Kazakhstan	Operating	49.0%	49.0%
LLC “Tacom”	Tajikistan	Operating	98.0%	98.0%
LLC “Golden Telecom”	Ukraine	Operating	100%	100%
LLC “Unitel”	Uzbekistan	Operating	100%	100%
LLC “Mobitel”	Georgia	Operating	80.0%	80.0%
CJSC “ArmenTel”	Armenia	Operating	100%	100%
LLC “Sky Mobile”	Kyrgyzstan	Operating	71.5%	71.5%
VimpelCom Lao Co. Ltd.	Lao PDR	Operating	78.0%	78.0%
Weather Capital S.à r.l.	Luxembourg	Holding	100%	100%
Weather Capital Special Purpose 1 S.A.	Luxembourg	Holding	100%	100%
Global Telecom Holding S.A.E. (former name Orascom Holding S.A.E.)	Egypt	Holding	51.9%	51.9%
Omnium Telecom Algérie S.p.A. (former name Orascom Telecom Algérie S.p.A.)	Algeria	Operating	50.3%	50.3%
Optimum Telecom Algérie S.p.A.	Algeria	Operating	50.3%	50.3%
Pakistan Mobile Communications Limited	Pakistan	Operating	51.9%	51.9%
Banglalink Digital Telecommunications Limited	Bangladesh	Operating	51.9%	51.9%
U-com Burundi S.A.	Burundi	Operating	0%	51.9%
Telecel Centrafrique S.A.	C.A.R.	Operating	0%	51.9%

In October 2014 the Company sold its operations in Central African Republic and Burundi (Note 6).

In January 2015 the Company sold 51% shareholding in OTA decreasing the effective shareholding from 50.1% to 23.7% (Note 6).

12.2 Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests are provided below:

Name of significant subsidiaries	Country of operation	Equity interest held by non-controlling interest in %	
		2014	2013
LLP "KaR-Tel"	Kazakhstan	28.5%	28.5%
LLC "Sky Mobile"	Kyrgyzstan	28.5%	28.5%
Global Telecom Holding S.A.E. (comprising Pakistan, Bangladesh and Algeria)	Egypt	48.1%	48.1%
Book values of material non-controlling interests			
LLP "KaR-Tel"		164	141
LLC "Sky Mobile"		62	57
Global Telecom Holding S.A.E.		(1,248)	(881)
Profit/(loss) allocated to material non-controlling interests			
LLP "KaR-Tel"		49	39
LLC "Sky Mobile"		23	19
Global Telecom Holding S.A.E.		(324)	(1,476)

LLP "KaR-tel" and LLC "Sky Mobile" are 100% owned by Limnotex Development Limited ("Limnotex"). The Company indirectly owns 71.5% of Limnotex. The non-controlling shareholder of Limnotex holds one put option for 15% of Limnotex shares which is accounted for as a financial liability (Note 17). During 2014 Limnotex paid approximately USD 19 of dividends to the non-controlling shareholder as its portion of dividends paid.

The summarised financial information of these subsidiaries before inter-company eliminations is as follows:

Summarised income statement for 2014:

	LLP "KaR-Tel"	LLC "Sky Mobile"	Global Telecom Holding S.A.E.
Operating revenue	690	178	3,331
Operating expenses	(513)	(109)	(2,972)
Other costs/income	25	22	(758)
Profit/(loss) before tax	202	91	(399)
Income tax expense	(49)	(10)	(286)
Profit/(loss) for the year	153	81	(685)
Attributed to non-controlling interest	49	23	(324)
Dividends paid to non-controlling interest	—	—	—

Summarised income statement for 2013:

	<u>LLP “KaR-Tel”</u>	<u>LLC “Sky Mobile”</u>	<u>Global Telecom Holding S.A.E.</u>
Operating revenue	776	192	3,470
Operating expenses	(586)	(120)	(4,131)
Other costs/income	21	2	(1,434)
Profit/(loss) before tax	<u>211</u>	<u>74</u>	<u>(2,095)</u>
Income tax expense	(58)	(8)	(988)
Profit/(loss) for the year	<u>153</u>	<u>66</u>	<u>(3,083)</u>
Attributed to non-controlling interest	39	19	(1,476)
Dividends paid to non-controlling interest	—	—	—

Summarised income statement for 2012:

	<u>LLP “KaR-Tel”</u>	<u>LLC “Sky Mobile”</u>	<u>Global Telecom Holding S.A.E.</u>
Operating revenue	790	161	3,659
Operating expenses	(601)	(95)	(3,026)
Other costs/income	17	(1)	(948)
Profit/(loss) before tax	<u>206</u>	<u>65</u>	<u>(315)</u>
Income tax expense	(40)	(7)	(154)
Profit/(loss) for the year	<u>166</u>	<u>58</u>	<u>(469)</u>
Attributed to non-controlling interest	47	16	(216)
Dividends paid to non-controlling interest	—	—	—

Summarised statement of financial position 2014:

	<u>LLP “KaR-Tel”</u>	<u>LLC “Sky Mobile”</u>	<u>Global Telecom Holding S.A.E.</u>
Property and equipment	414	86	2,391
Intangible assets	21	8	1,737
Other non-current assets	421	228	2,335
Trade and other receivables	24	14	233
Cash and cash equivalents	477	120	2,853
Other current assets	33	32	471
Financial liabilities	—	—	5,734
Provisions	9	—	1,486
Other liabilities	<u>167</u>	<u>28</u>	<u>2,137</u>
Total equity	1,214	460	662
Attributed to equity holders of parent	1,050	398	1,910
Non-controlling interest	164	62	(1,248)

Summarised statement of financial position 2013:

	<u>LLP “KaR-Tel”</u>	<u>LLC “Sky Mobile”</u>	<u>Global Telecom Holding S.A.E.</u>
Property and equipment	515	94	2,093
Intangible assets	161	12	4,696
Other non-current assets	123	273	88
Trade and other receivables	27	5	226
Cash and cash equivalents	263	18	2,839
Other current assets	200	79	1,236
Financial liabilities	59	—	5,184
Provisions	9	—	201
Other liabilities	<u>177</u>	<u>20</u>	<u>1,982</u>
Total equity	1,044	461	3,811
Attributed to equity holders of parent	903	330	3,913
Non-controlling interest	141	131	(102)

Summarised cash flow statement 2014:

	<u>LLP “KaR-Tel”</u>	<u>LLC “Sky Mobile”</u>	<u>Global Telecom Holding S.A.E.</u>
Operating	255	82	(362)
Investing	45	21	252
Financing	(72)	—	102
Effect of exchange rate changes on cash and cash equivalents	(14)	(2)	1
Net increase/(decrease) in cash equivalents	214	101	(7)

Summarised cash flow statement 2013:

	<u>LLP “KaR-Tel”</u>	<u>LLC “Sky Mobile”</u>	<u>Global Telecom Holding S.A.E.</u>
Operating	270	92	1,166
Investing	(221)	(103)	(508)
Financing	—	—	159
Effect of exchange rate changes on cash and cash equivalents	(4)	—	22
Cash included as held for sale	<u>—</u>	<u>—</u>	<u>(26)</u>
Net increase/(decrease) in cash equivalents	45	(11)	813

Summarised cash flow statement 2012:

	<u>LLP “KaR-Tel”</u>	<u>LLC “Sky Mobile”</u>	<u>Global Telecom Holding S.A.E.</u>
Operating	314	82	1,190
Investing	(124)	(41)	(580)
Financing	(9)	(64)	461
Effect of exchange rate changes on cash and cash equivalents	<u>1</u>	<u>—</u>	<u>(59)</u>
Net increase/(decrease) in cash equivalents	182	(23)	1,012

12.3 Investments in Associates

The Company does not have any material investments in Associates. The only material investment in Associate was disposed in September 2014 (Note 6). Group's share of profit for the year ended 31 December 2014 amounted to USD 21 (2013: USD (139), 2012 (100)).

12.4 Investments in Joint Ventures

The Company has no significant operations in joint ventures. The aggregate carrying value of the investments is as follows:

<u>Joint ventures</u>	<u>2014</u>	<u>2013</u>
Joint ventures	237	414

The following is the aggregate financial information of the investment:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
(Loss)/ profit before tax	(15)	(18)	236
Income tax expense	(1)	(42)	(47)
(Loss)/ profit for the year	(16)	(60)	189
Other comprehensive income	—	—	—
Total comprehensive (loss)/ profit	(16)	(60)	189
Elimination of intercompany transactions	—	(24)	(14)
Group's share of (loss)/ profit for the year	(8)	(42)	88
Less Group's share of profit for the year	—	—	(67)
Group's share of (loss)/ profit for the year from investment in Joint Ventures	(8)	(42)	21

13. Income taxes

Income tax expense consisted of the following for the years ended 31 December:

<u>Current tax</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current year	759	1,228	1,099
Adjustments of previous years	(54)	562	(67)
	705	1,790	1,032
Deferred tax			
Origination / (reversal) of temporary difference	(250)	(100)	(346)
Changes in tax rates	(4)	9	(8)
Current year tax losses unrecognized	167	142	319
Recognition and utilization of previously unrecognized tax loss/ tax credit	(12)	(94)	(21)
Expiration of tax losses	5	21	11
Derecognition of previously recognized tax losses	20	7	12
Write off / (reversal of write off) of deferred tax asset temporary differences	14	159	(155)
Adjustments of previous years	(12)	37	5
Unrecognized other carry forwards	89	93	57
	17	274	(126)
Income tax expense	722	2,064	906

Any penalties or interests relating to income tax claims or litigations are included in the tax line item.

The table below outlines the reconciliation between the statutory tax rate in the Netherlands (25%) and effective corporate income tax rates for the Group, together with the corresponding amounts:

Reconciliation between statutory and effective income tax:	Year ended 31 December 2014	Year ended 31 December 2013	Year ended 31 December 2012
Profit/(loss) before taxes	(181)	(2,024)	2,282
Income tax expense (benefit) computed on profit before taxes at statutory tax rate	(45)	(506)	571
Difference due to the effects of:			
Different tax rates in different jurisdictions	(171)	(42)	(168)
Non-deductible expenses	561	1,072	242
Non-taxable income	(114)	(45)	(76)
Prior year adjustments	(64)	599	(62)
Change in recognition of deferred tax assets	184	404	224
Withholding taxes	262	473	97
Tax claims	138	112	85
Change in Income tax rate	(4)	9	(8)
Other	(25)	(12)	1
Income tax charge for the period	<u>722</u>	<u>2,064</u>	<u>906</u>

The effective tax rate amounts to (398.8)% in 2014 (2013: (101.9)% and 2012: 39.7%).

Explanatory notes to the effective tax rate

Permanent differences

The non-deductible expenses have an increasing effect on the effective tax rate (USD 561). These mainly relate to the impairment of intangible assets in the Ukraine, Pakistan, Georgia and Laos being non-deductible for tax purposes. The effective tax rate increased due to this non deductibility by USD 245. The non-deductible interest increased the effective tax rate by USD 125.

Subnational income taxes in Italy that use a different taxation basis have an increasing impact on the effective tax rate of USD 33. Furthermore other non-deductible expenses have an increasing impact on effective tax rate of USD 135 (e.g. bad debt losses, application of CFC legislation and other non deductible business and financial expenses).

The non-taxable income reduced the effective tax rate by USD 114. The amount increased in 2014 compared to previous year due to non-taxable functional currency translation result, non taxable interest and dividend income.

Change in recognition of deferred tax assets

The effective tax rate increased by USD 184 due to the change of recognition of deferred tax assets.

The effective tax rate increased as a result of tax losses in Egypt, the Netherlands and Bangladesh for which no deferred tax asset is recognized. Furthermore, Italy is not able to recognize a deferred tax asset on future deductible interest expense increasing the effective tax rate.

The tax rate decreased as a result of recognized deferred tax asset on previous year tax losses (Luxembourg) and change of estimation of deferred tax assets on temporary non-deductible interest and other carry forwards having a positive impact on the ETR.

Withholding taxes

The effect of withholding taxes on undistributed earnings resulted in a tax charge of USD 262. The amount of USD 262 includes a one off tax charge of USD 87 relating to Algerian withholding taxes on dividends that will be distributed upon closing of the 'Algerian deal'. The amount also includes withholding taxes accrued for future capital gain taxes (USD 45) and interest (USD 36) withholding taxes that will be due upon closing of the Algerian deal.

Finally, the company accrued for the withholding taxes on distribution of dividends from Russia and the CIS (USD 68) and withholding taxes on accrued management fees being capitalized (USD 26).

Prior year adjustments

The effect of prior year adjustments of USD 64 decreased the effective tax rate and mainly relate to the settlement with the Algerian government, resulting in a reversal of a write off of a tax receivable by USD 43.

Tax claims

The tax claims are reserves for uncertain income tax positions. See Note 4 'Significant accounting judgments, estimates and assumptions – Deferred tax assets and uncertain tax positions' for further discussion.

Other

Other includes foreign currency translation result being non taxable. The amount increased in 2014 compared to 2013 due to the change of functional currency of Unitel (Uzbekistan) resulting in a non taxable translation result.

Deferred taxes

As per 31 December 2014 and 31 December 2013, the Group reported the following deferred tax assets and liabilities on the balance sheet:

	31 December 2014	31 December 2013
Deferred tax assets as of 31 December	<u>575</u>	<u>294</u>
Deferred tax liabilities as of 31 December	<u>(1,637)</u>	<u>(1,641)</u>

The following table shows the movements of the deferred tax assets and liabilities in 2014:

Movements in Deferred taxes								
	Opening balance	P/L movement	OCI movement	Acquisition/ Divestment	Other comprehensive income & Other	Currency translation	Tax rate changes	Ending balance
Property, plant and equipment, net	(739)	(31)	—	—	—	220	3	(547)
Other intangible assets, net	(1,158)	215	1	—	—	151	16	(774)
Trade accounts receivable	121	(26)	—	—	—	(20)	—	74
Other assets	703	(72)	—	—	—	(328)	—	303
Provisions	62	(2)	—	—	—	(18)	—	42
Long-term liabilities	(136)	(41)	(13)	—	—	172	(1)	(19)
Short-term payables	(56)	45	—	—	—	83	(3)	69
Other short-term liabilities	75	34	—	—	—	(23)	(2)	84
Other movements and temporary differences	35	(16)	(1)	—	—	(3)	(8)	7
Deferred subnational income taxes and other	(79)	76	(5)	—	—	2	—	(6)
Withholding tax on undistributed earnings	(439)	(236)	—	—	—	76	—	(599)
	<u>(1,611)</u>	<u>(54)</u>	<u>(18)</u>	<u>—</u>	<u>—</u>	<u>312</u>	<u>5</u>	<u>(1,366)</u>
Tax losses and other carry forwards	2,821	302	2	—	—	(8)	(1)	3,116
Non recognized deferred tax assets on losses and credits ...	(2,391)	(255)	(1)	—	—	1	—	(2,646)
Non recognized deferred tax assets on temporary differences	(166)	(14)	—	—	—	14	—	(166)
Net deferred tax position	<u>(1,347)</u>	<u>(21)</u>	<u>(17)</u>	<u>—</u>	<u>—</u>	<u>319</u>	<u>4</u>	<u>(1,062)</u>

The following table shows the movements of the deferred tax assets and liabilities in 2013:

Movements in Deferred taxes								
	Opening balance	P/L movement	OCI movement	Acquisition/ Divestment	Other comprehensive income & Other	Currency translation	Tax rate changes	Ending balance
Property, plant and equipment, net	(683)	(94)	—	(8)	—	44	3	(739)
Other intangible assets, net	(1,255)	117	—	—	—	(23)	4	(1,158)
Trade accounts receivable	187	(69)	—	—	—	4	(1)	121
Other assets	59	622	—	—	8	15	(1)	703
Provisions	67	(5)	—	—	—	—	—	62
Long-term liabilities	175	(306)	—	—	—	(2)	(1)	(136)
Short-term payables	154	(207)	—	—	(2)	(2)	(1)	(56)
Other short-term liabilities	79	—	—	—	—	(3)	(2)	75
Other movements and temporary differences	26	10	—	—	—	—	(2)	35
Deferred subnational income taxes and other	(124)	46	—	—	3	(4)	—	(79)
Withholding tax on undistributed earnings	(120)	(319)	—	—	—	—	—	(439)
	(1,435)	(206)	—	(8)	9	31	(1)	(1,611)
Tax losses and other carry forwards	1,675	1,153	—	—	—	—	(7)	2,821
Non recognized deferred tax assets on losses and credits ...	(1,332)	(1,059)	—	—	—	—	—	(2,391)
Non recognized deferred tax assets on temporary differences	(12)	(153)	—	—	—	—	—	(166)
Net deferred tax position	(1,104)	(266)	—	(8)	9	31	(8)	(1,347)

VimpelCom recognizes a deferred tax asset for the carry forward of unused tax losses and other carry forwards to the extent that it is probable that the deferred tax asset will be utilized. The company recorded USD 64 deferred tax asset on losses in Luxembourg which utilization is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. Based on the current financing activities resulting in a taxable income each year and projections for future taxable income over the periods in which the deferred tax asset on losses will be utilized, management believes it is probable that the company will realize the benefit of these tax losses. The amount and expiry date of deductible temporary differences, unused tax losses and other carry forwards for which no deferred tax asset is recognized are as follows as per December 2014:

<u>Tax losses year of expiration</u>	<u>Recognized losses</u>	<u>Recognized DTA</u>	<u>Non-recognized losses</u>	<u>Non-recognized DTA</u>
0 - 5 years	—	—	(1,614)	481
6 - 10 years	(34)	7	(1,408)	340
> 10 years	—	—	—	—
Indefinitely	(933)	316	(5,857)	1,393
Total	(967)	323	(8,879)	2,214

<u>Other carry forwards year of expiration</u>	<u>Recognized credits</u>	<u>Recognized DTA</u>	<u>Non-recognized credits</u>	<u>Non-recognized DTA</u>
0 - 5 years	(15)	15	(5)	1
6 - 10 years	(13)	13	—	—
> 10 years	—	—	—	—
Indefinitely	(331)	91	(1,569)	431
Total	(359)	119	(1,574)	432

These other carry forwards mainly relate to non-deductible interest in Italy that may be carried forward indefinitely to future years.

As of 31 December 2014, the amount of deductible temporary differences for which no deferred tax asset is recognized amounts to USD 697 (with a resulting non-recognized deferred tax asset of USD 166).

The following tables show the recognized and not recognized deferred income tax assets as per December 2013 for comparison purposes:

<u>Tax losses year of expiration</u>	<u>recognized losses</u>	<u>recognized DTA</u>	<u>non recognized losses</u>	<u>non recognized DTA</u>
0 - 5 years	(339)	97	(1,047)	268
6 - 10 years	—	—	(1,175)	273
> 10 years	—	—	—	—
Indefinitely	(930)	346	(6,228)	1,836
total	(1,269)	443	(8,450)	2,377

<u>Other carry forwards year of expiration</u>	<u>recognized credits</u>	<u>recognized DTA</u>	<u>non recognized credits</u>	<u>non recognized DTA</u>
0 - 5 years	—	—	—	—
6 - 10 years	—	—	—	—
> 10 years	—	—	—	—
Indefinitely	—	—	(1,777)	489
Total	—	—	(1,777)	489

VimpelCom reports the tax effect of the existence of undistributed profits that will be distributed in the foreseeable future. During 2014, the Company has recorded a deferred tax liability of USD 598 relating to the tax effect of the undistributed profits that will be distributed in the foreseeable future, primarily in relation to its Russian and Algerian operations. At 31 December 2014, undistributed earnings of VimpelCom's foreign subsidiaries (outside the Netherlands) which are indefinitely invested and that will not be distributed in the foreseeable future, amounted to approximately USD 6,563 (2013: USD 2,515; 2012: USD 7,693). Accordingly, no deferred tax liability is recognized for this amount of undistributed profits.

Taxes recorded outside profit and loss account

The amount of current and deferred taxes reported outside the profit and loss account amounts to USD 60 (USD 75 current tax; USD (15) deferred tax).

Non-current income tax assets

The company reported both current and non-current income tax assets. The non-current income tax asset (USD 91) mainly relates to advanced tax payments in the Ukraine that can be offset (or realized) against future tax liabilities. The advanced tax payments that will be offset in 2015 are considered current income tax assets; the amount that will not be offset in 2015, but in onward years are considered non-current income tax asset.

14. Earnings per share

Earnings per common share for all periods presented has been determined by dividing profit available to common shareholders by the weighted average number of common shares outstanding during the period.

The following table sets forth the computation of basic and diluted earnings per share:

	Year ended 31 December		
	2014	2013	2012
Numerator:			
(Loss)/profit for the period attributable to the owners of the parent . . .	(647)	(2,625)	1,539
Denominator:			
Denominator for basic earnings per share – weighted average common shares outstanding (millions)	1,748	1,711	1,618
Effect of dilutive securities: Employee stock options (millions)	1	1	1
Denominator for diluted earnings per share – assumed conversions (millions)			
	<u>1,749</u>	<u>1,712</u>	<u>1,619</u>
Basic (loss)/earnings per share	<u>\$ (0.37)</u>	<u>\$ (1.53)</u>	<u>\$ 0.95</u>
Diluted (loss)/earnings per share	<u>\$ (0.37)</u>	<u>\$ (1.53)</u>	<u>\$ 0.95</u>

Employee stock options (representing 8,132,989 shares) that are out of the money as of 31 December 2014 were excluded in the computation of diluted EPS because inclusion of the options would have been antidilutive for the periods presented.

15. Property and equipment

Property and equipment consisted of the following:

	Telecommunications equipment	Land, buildings and constructions	Office and measuring equipment	Other Equipment	Equipment not installed and assets under construction	Total
Cost						
At 1 January 2013	20,236	771	1,376	573	2,610	25,566
Acquisition of a subsidiary	35	3	—	1	—	39
Reclassification to AHFS*	(156)	(6)	(5)	(6)	(6)	(179)
Additions	829	17	41	24	2,479	3,390
Disposals	(1,130)	(11)	(57)	(27)	(43)	(1,268)
Transfer	2,521	62	207	142	(2,932)	—
Translation adjustment	(206)	(30)	(44)	(19)	(47)	(346)
At 31 December 2013	22,129	806	1,518	688	2,061	27,202
Reclassification to AHFS*	(10)	—	(1)	—	(25)	(36)
Additions	900	16	44	16	2,394	3,370
Disposals	(1,248)	(20)	(74)	(11)	(13)	(1,366)
Transfer	1,959	49	217	(2)	(2,223)	—
Translation adjustment	(6,376)	(290)	(477)	(274)	(692)	(8,109)
At 31 December 2014	17,354	561	1,227	417	1,502	21,061
Depreciation and impairment						
At 1 January 2013	(8,488)	(202)	(831)	(357)	(22)	(9,900)
Reclassification to AHFS*	82	3	4	4	—	93
Transfer	7	—	1	—	(8)	—
Depreciation charge for the year	(2,714)	(51)	(210)	(75)	—	(3,050)
Disposals	1,056	7	54	16	—	1,133
Impairment (Note 10)	(45)	—	—	—	(2)	(47)
Translation adjustment	14	10	23	12	3	62
At 31 December 2013	(10,088)	(233)	(959)	(400)	(29)	(11,709)
Reclassification to AHFS*	10	—	1	—	25	36
Transfer	(2)	—	12	(10)	—	—
Depreciation charge for the year	(2,534)	(46)	(198)	(61)	—	(2,839)
Disposals	1,158	13	69	7	—	1,247
Impairment (Note 10)	(68)	—	—	(4)	(2)	(74)
Translation adjustment	3,548	79	314	189	(3)	4,127
At 31 December 2014	(7,976)	(187)	(761)	(279)	(9)	(9,212)
Net book value						
At 1 January 2013	11,748	569	545	216	2,588	15,666
At 31 December 2013	12,041	573	559	288	2,032	15,493
At 31 December 2014	9,378	374	466	138	1,493	11,849

* AHFS – Asset held for sale

None of the assets were pledged as collateral and no assets have restrictions on title. The Company is not party to significant finance leases.

Change in estimate

During 2014 there were no material change in estimates related to property and equipment.

Capitalized borrowing costs

During 2014 VimpelCom capitalized interest in the cost of property and equipment in the amount of USD 24 (2013: USD 48). During 2014 the capitalisation rate was 1.1% (2013: 2.2%).

16. Intangible assets

The total gross carrying value and accumulated amortization of VimpelCom's intangible assets consisted of the following:

	Telecommunications licenses, frequencies and permissions	Goodwill	Software	Brands and trademarks	Customer relation- ships	Telephone line capacity	Other intangible assets	Total
Cost								
At 1 January 2013	4,854	16,973	1,473	2,377	4,256	178	3,827	33,938
Acquisition of a subsidiary	—	18	—	—	23	—	—	41
Reclassification to AHFS	(27)	—	(3)	(6)	(23)	—	—	(59)
Additions	135	—	284	—	—	6	491	916
Disposals	(30)	—	(26)	—	(5)	—	(6)	(67)
Transfer	1,807	—	432	(252)	637	—	(2,624)	—
Translation adjustment	58	(147)	(72)	44	13	(7)	29	(82)
At 31 December 2013	6,797	16,844	2,088	2,163	4,901	177	1,717	34,687
Additions	358	—	341	—	111	1	71	882
Disposals	(302)	—	(68)	(2)	(2)	—	(3)	(377)
Transfer	12	—	26	(1)	899	—	(936)	—
Translation adjustment	(1,204)	(4,192)	(505)	(329)	(1,147)	(74)	(326)	(7,777)
At 31 December 2014	5,661	12,652	1,882	1,831	4,762	104	523	27,415
Amortization and impairment								
At 1 January 2013	(1,622)	(9)	(1,021)	(275)	(2,483)	(130)	(833)	(6,373)
Reclassification to AHFS	14	—	1	6	6	—	—	27
Amortization charge for the year	(418)	—	(318)	(116)	(669)	(16)	(254)	(1,791)
Disposals	27	—	22	—	5	—	—	54
Impairment (Note 10)	(31)	(2,130)	—	—	—	—	—	(2,161)
Transfer	(1)	—	1	—	(22)	—	22	—
Translation adjustment	(20)	4	45	(12)	(21)	5	102	103
At 31 December, 2013	(2,051)	(2,135)	(1,270)	(397)	(3,184)	(141)	(963)	(10,141)
Amortization charge for the year	(392)	—	(306)	(113)	(602)	(1)	(65)	(1,479)
Disposals	301	—	61	2	2	—	1	367
Impairment (Note 10)	(1)	(992)	(2)	—	—	—	—	(995)
Transfer	3	—	(2)	—	(707)	—	706	—
Translation adjustment	569	760	298	111	735	54	308	2,835
At 31 December, 2014	(1,571)	(2,367)	(1,221)	(397)	(3,756)	(88)	(13)	9,413
Net book value								
At 1 January 2013	3,232	16,964	452	2,102	1,773	48	2,994	27,565
At 31 December 2013	4,746	14,709	818	1,766	1,717	36	754	24,546
At 31 December 2014	4,090	10,285	661	1,434	1,006	16	510	18,002

As of 31 December 2014, other intangible assets primarily include the right of way for using the infrastructure of third parties with the book value of USD 354, respectively (2013: USD 569). None of the assets were pledged as collateral and no assets have restrictions on title.

During 2013, the 4G/LTE license was put into operations in Italy that was recorded as transfer between intangible assets groups.

During 2014 and 2013, VimpelCom did not capitalize any interest in the cost of intangible assets.

17. Financial assets and liabilities

Financial assets

The Company has the following financial assets as of 31 December:

	<u>2014</u>	<u>2013</u>
Financial instruments at fair value through profit or loss		
Derivatives not designated as hedges		
Cross-currency interest rate exchange contracts	—	2
Foreign exchange contracts	94	1
Embedded derivatives in notes	8	154
Derivatives over non-controlling interest	—	35
Financial instruments at fair value		
Derivatives designated as fair value hedges		
Cross-currency interest rate exchange contracts	170	—
Derivatives designated as cash flow hedges		
Cross-currency interest rate exchange contracts	320	9
Interest rate exchange contracts	—	1
Foreign exchange contracts	37	—
Available for sale financial instruments	<u>49</u>	<u>20</u>
Total financial Instruments at fair value	<u>678</u>	<u>222</u>
Loans granted, deposits and other financial assets at amortized cost		
Bank deposits	110	396
Interest receivable	3	6
Other investment	26	36
Other loans granted	<u>51</u>	<u>42</u>
Total loans granted, deposits and other financial assets	<u>190</u>	<u>480</u>
Total other financial assets	<u>868</u>	<u>702</u>
Total current	266	440
Total non-current	602	262

Financial liabilities

The Company has the following financial liabilities as of 31 December:

	<u>2014</u>	<u>2013</u>
Financial instruments at fair value		
Derivatives designated as cash flow hedges		
Cross-currency interest rate exchange contracts	—	171
Interest rate exchange contracts	90	100
Total financial Instruments at fair value	<u>90</u>	<u>271</u>
Other financial liabilities at amortised cost		
Bank loans and bonds		
Bank loans and bonds, principle	25,024	26,507
Unamortized fair value adjustment under acquisition method of accounting	—	665
Interest accrued	394	594
Fair value adjustment	29	—
Discounts, unamortized fees	(73)	50
Equipment financing		
Equipment financing principle	1,019	272
Discounts, unamortized fees on equipment financing	(33)	—
Interest accrued on equipment financing	2	—
Loans from others		
Loans from others, principal	400	654
Interest accrued	13	11
Derivative over non-controlling interest via equity	259	204
Total other financial liabilities at amortised cost	<u>27,034</u>	<u>28,957</u>
Total other financial liabilities	<u>27,124</u>	<u>29,228</u>
Total current	3,188	2,426
Total non-current	23,936	26,802

The unamortized fair value adjustment under the acquisition method of accounting relates to the fair value re-measurement of listed debt acquired in the business combination with Wind Telecom. This adjustment was written off due to the refinancing of associated debt.

Description of derivative financial instruments

VimpelCom uses derivative instruments, including swaps, forward contracts and options to manage certain foreign currency and interest rate exposures. The Company views derivative instruments as risk management tools and does not use them for trading or speculative purposes. The Company has designated the majority of its derivative contracts, which mainly relate to hedging the interest and foreign exchange risk of external debt, as formal hedges and applies hedge accounting on these derivative contracts.

All derivatives are accounted for on a fair value basis and the changes in fair value are recorded in profit or loss, except for put options over non-controlling interests not providing a present ownership interest in the outstanding shares, and derivative instruments which are accounted for using cash flow hedge accounting. Cash flows from derivative instruments are reported in the statement of cash flows in the same line where the underlying cash flows of the hedged item are recorded.

Foreign exchange contracts

OJSC VimpelCom enters into short-term forward and zero-cost collar agreements with several banks in order to protect cash flows of its short-term financial and non-financial obligations denominated in USD from

adverse USD-RUB movements. As of 31 December 2014, the notional amount outstanding of these derivative contracts (only zero-cost collars) was USD 603 (2013: USD 130) with an average cap rate of 48.72 (2013: 33.79) and an average floor rate of 39.95 (2013: 31.74).

Embedded derivatives in notes

The Notes issued by the Company's Italian subsidiary, Wind Acquisition Finance S.A. and Banglalink Digital Communications Ltd. include early repayment options. Accordingly, these companies can repay the debt at certain dates prior to the maturity date at agreed redemption prices. These embedded derivatives are accounted for as a financial asset at fair value through profit or loss.

Derivatives over non-controlling interest – Put and call options

Limnotex

On 24 August 2011, the Company entered into put and call agreements representing up to 28.5% of the shares in its indirect subsidiary Limnotex, which owns 100% of LLP "KaR-Tel", the Company's Kazakhstan operator and 100% of LLC "Sky Mobile", the Company's Kyrgyzstan operator. As of 31 December 2014, the non-controlling shareholder of Limnotex, holds one put option for 15% of Limnotex shares exercisable during 2017 at a fixed price of USD 330. The call options allow the Company to acquire the total of 28.5% of Limnotex shares held by non-controlling shareholder at a multiple of Adjusted EBITDA. The call option is exercisable until May 2018.

The put option gives rise to a financial liability at the present value of the redemption amount with the value accretion recorded in the non-controlling interest. The value accretion is based on an annual effective interest of 7.41%. The financial liability as of 31 December 2014 amounted to USD 259.

During 2014, the Company wrote off the call option due to a change in the expected exercise date, and recorded a charge of USD 35 in "Other non-operating losses".

Cross currency and interest rate exchange contracts

On April 23, 2014, the Company's Italian subsidiary, Wind Acquisition Finance S.A. ("WAF") entered into several cross-currency interest rate swap agreements with several banks to reduce the volatility of cash flows of USD denominated debt in the amount of USD 2,800 to EUR 2,030 and related interest from April 23, 2014 to April 23, 2021. Pursuant to these agreements, WAF receives a fixed USD rate of 7.375% and pays a fixed EUR rate equal to an average 6.4364% on €1,450 million principal amount and a floating EUR rate equal to 6 months EURIBOR plus on average 5.0688% on €580 million principal amount.

On 10 July 2014 WAF entered into several cross-currency interest rate swap agreements with several banks to reduce the volatility of cash flows of USD denominated debt in the amount of USD 1,900 to EUR 1,413 and related interest from 10 July 2014 to 15 July 2020. Pursuant to these cross-currency interest rate swap, WAF receives a fixed USD rate of 4.75% and pays a fixed EUR rate equal to on average 4.3474% on €984 million principal amount and a floating EUR rate equal to 6 months EURIBOR plus 4.00% on €429 million principal amount.

The Company's Pakistan subsidiary, Pakistan Mobile Communications Limited, entered into several Cross-Currency Interest Rate Swap Agreements to reduce the volatility of cash flows on USD denominated debt with current outstanding balances of USD 23 (2013 USD 11) to PKR 2,274 (2013 PKR 878), and related interest with maturities until December 15, 2017. Pursuant to these agreements, the Company's Pakistan subsidiary pays floating interest rate of 6 month KIBOR minus 0.32%-2.60%.

Interest rate exchange contracts

In December 2010, the Company's Italian subsidiary WIND Telecomunicazioni S.p.A. entered into Interest Rate Swap agreements to reduce the volatility of cash flows on interest payments for variable-rate debt. In September 2012, the majority of these Interest Rate Swaps were restructured for the upcoming 12-18 months and additionally two basis swaps have been added to the portfolio. This restructuring was done to benefit from

the basis swap spread between EURIBOR 1 month and EURIBOR 6 month floating rates. In April and September 2013, the swaps have been restructured to align them with the underlying floating rate debt portfolio. Pursuant to these agreements, WIND Telecomunicazioni S.p.A. pays a fixed rate equal to on average 2.21% and receives EURIBOR 3/6 month floating rate on a notional amount of EUR 1,370 until maturity (between 26 September 2016 and 30 April 2020).

Interest-bearing bank loans and bonds

The Company has the following principal amounts outstanding for interest-bearing loans and bonds as of 31 December:

Lender	Interest rate	Maturity	Currency	2014	2013
Senior Secured Notes	3m Euribor + 4.0-5.3% ;4.0-6.5%	2019-2021	EUR/USD	5,868	5,136
Eurobonds	6.5-9.1%	2016-2021	USD	3,100	3,100
Senior Facility Agreement	6m Euribor + 4.3-4.8%	2018-2019	EUR	2,156	3,236
Senior Notes	7.0-7.4%	2021	EUR/USD	4,917	3,718
Sberbank	8.8-10.8%	2015-2018	RUB	1,583	2,304
Ruble Bonds	8.3-8.9%	2015	RUB	978	1,986
Notes	5.2-9.0%	2017-2023	USD/RUB	3,813	4,167
PIK Notes	12.3%	2017	EUR/USD	—	1,640
Alfa Bank	1mLibor + 3.3%	2017	USD	1,000	—
Revolving Credit Facilities	6mLibor+3.0%				
Senior Notes	Euribor+4.3%	2017-2018	EUR/USD	621	137
Other loans	8.6%	2019	USD	300	—
				688	1,083
Total bank loans and bonds				25,024	26,507
Less current portion				(2,407)	(1,668)
Long-term portion of bank loans and bonds				22,617	24,839

Loans from others

The Company has the following principal amounts outstanding for loans from other parties as of 31 December:

	Interest rate	Maturity	Currency	2014	2013
Debt to Italian Government (LTE license)	Rendistato+1%	2016	EUR	196	334
Annuity loans	3.4-5.5%	2016	EUR	45	122
Terna Debt	10.1%	2035	EUR	159	184
Other loans				—	14
Total loans from others				400	654
Less current portion				(125)	(197)
Long-term loans from others				275	457

Hedging activities and derivatives

Derivatives under hedge accounting

The Company uses cross currency interest rate swaps, interest rate swaps, foreign exchange forwards/swaps and zero cost collars to manage its transaction exposures and/or interest exposure related to loans and borrowings. Most of these derivative contracts are either designated as cash flow or fair value hedges and are entered into for periods up to the maturity date of the hedged loans and borrowings.

The company uses the following types of hedge accounting:

- cash flow hedge accounting used to hedge the risk on future foreign currency cash flows and floating interest rate cash flows;
- fair value hedge accounting used to convert the USD fixed interest rate on financial liabilities into USD floating interest rate.

The Company's hedge accounting is summarized below:

	<u>Risk being hedged</u>	<u>Nominal value</u>	<u>Fair value assets</u>	<u>Fair value liabilities</u>
At 31 December 2014				
Cash flow hedge accounting				
Cross currency and interest rate exchange contracts	Currency	3,875	320	—
Interest rate exchange contracts	Interest	1,657	—	90
Foreign exchange contracts	Currency	191	37	—
Fair value hedge accounting				
Cross currency and interest rate exchange contracts	Currency	1,375	170	—
No hedge accounting				
Cross currency and interest rate exchange contracts	Currency	22	—	—
Foreign exchange contracts	Currency	468	94	—
	<u>Risk being hedged</u>	<u>Nominal value</u>	<u>Fair value assets</u>	<u>Fair value liabilities</u>
At 31 December 2013				
Cash flow hedge accounting				
Cross currency and interest rate exchange contracts	Currency	4,250	9	171
Interest rate exchange contracts	Interest	3,807	1	100
Foreign exchange contracts	Currency	55	—	—
No hedge accounting				
Cross currency and interest rate exchange contracts	Currency	11	2	—
Foreign exchange contracts	Currency	248	1	—

The following table shows the periods in which the cash flows of the derivatives, to which cash flow hedge accounting applies, are expected to occur:

	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>More than 5 years</u>	<u>Total</u>
At 31 December 2014					
Cash flows	70	55	91	60	276
Cash flow hedge reserve	—	—	—	—	(71)
	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>More than 5 years</u>	<u>Total</u>
At 31 December 2013					
Cash flows	(61)	(77)	(22)	(5)	(165)
Cash flow hedge reserve	—	—	—	—	(212)

Derivatives not designated as hedging instruments

The Company uses foreign currency denominated borrowings and forward currency contracts to manage its transaction exposures. These currency forward contracts are not designated as cash flow, fair value or net investment hedges and are entered into for periods consistent with currency transaction exposures, generally from one to six months. Although the derivatives have not been designated in a hedge relationship, they act as a commercial hedge and offset the underlying transaction when they occur.

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the consolidated financial statements as of 31 December (based on future cash flows discounted at current market rates):

	Carrying value		Fair value	
	2014	2013	2014	2013
Financial assets				
Financial instruments at fair value through profit or loss				
Derivatives not designated as hedges				
Cross-currency interest rate exchange contracts	—	2	—	2
Foreign exchange contracts	94	1	94	1
Embedded derivatives in notes	8	154	8	154
Derivatives over non-controlling interest	—	35	—	35
Financial instruments at fair value				
Derivatives designated as fair value hedges				
Cross-currency interest rate exchange contracts	170	—	170	—
Derivatives designated as cash-flow hedges				
Cross-currency interest rate exchange contracts	320	9	320	9
Interest rate exchange contracts	—	1	—	1
Foreign exchange contracts	37	—	37	—
Available for sale financial instruments	<u>49</u>	<u>20</u>	<u>49</u>	<u>20</u>
Total financial Instruments at fair value, assets	<u>678</u>	<u>222</u>	<u>678</u>	<u>222</u>
Loans granted, deposits and other financial assets				
Bank deposits	110	396	110	396
Interest receivable	3	6	3	6
Other investment	26	36	26	36
Other loans granted	51	42	51	42
Total loans granted, deposits and other financial assets	<u>190</u>	<u>480</u>	<u>190</u>	<u>480</u>
Total financial assets	<u>868</u>	<u>702</u>	<u>868</u>	<u>702</u>
Financial instruments at fair value				
Derivatives designated as cash flow hedges				
Cross-currency interest rate exchange contracts	—	171	—	171
Interest rate exchange contracts	90	100	90	100
Total financial Instruments at fair value, liabilities	<u>90</u>	<u>271</u>	<u>90</u>	<u>271</u>
Total other financial liabilities at amortised cost	<u>27,034</u>	<u>28,957</u>	<u>25,410</u>	<u>29,792</u>
Total financial liabilities	<u>27,124</u>	<u>29,228</u>	<u>25,500</u>	<u>30,063</u>

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values were estimated based on quoted market prices of our bonds, derived from market prices or by using discounted cash flows under the agreement at the rate applicable for the instruments with similar maturity and risk profile.

Total financial assets as of 31 December 2014 consist of non-current and current other financial assets of USD 602 and USD 266, respectively (31 December 2013: USD 262 and USD 440, respectively).

Total financial liabilities as of 31 December 2014 consist of non-current financial liabilities and current other financial liabilities of USD 23,936 and USD 3,188, respectively (31 December 2013: USD 26,802 and USD 2,426, respectively).

Fair value hierarchy

As of 31 December 2014 and 2013 the Company held financial instruments carried at fair value on the statement of financial position in accordance with IAS 39.

The Company measures the fair value of derivatives except for options over non-controlling interests and embedded derivatives in notes on a recurring basis, using observable inputs (Level 2), such as LIBOR, EURIBOR, swap curves, basis swap spreads, foreign exchange rates and credit default spreads of both counterparties and our own entities, using present value techniques, Monte Carlo simulation and/or Black-Scholes model.

The Company measures the fair value of options over non-controlling interests and embedded derivatives in notes on a recurring basis, using unobservable inputs (Level 3), such as projected redemption amounts, volatility, the fair value of underlying shares using an income valuation approach with present value techniques and Black-Scholes valuation model.

The following table provides the disclosure of fair value measurements separately for each major class of assets and liabilities measured at fair value.

As of 31 December 2014				
Description		(Level 1)	(Level 2)	(Level 3)
Financial instruments at fair value through profit or loss				
Derivatives not designated as hedges				
Cross-currency interest rate exchange contracts		—	—	—
Foreign exchange contracts		—	94	—
Embedded derivatives in notes		—	—	8
Derivatives over non-controlling interest		—	—	—
Financial instruments at fair value				
Derivatives designated as fair value hedges				
Cross-currency interest rate exchange contracts		—	170	—
Derivatives designated as cash-flow hedges				
Cross-currency interest rate exchange contracts		—	320	—
Interest rate exchange contracts		—	—	—
Foreign exchange contracts		—	37	—
Available for sale financial instruments		—	27	22
Total financial Instruments at fair value, assets		—	648	30
Assets for which fair values are disclosed				
Loans granted, deposits and other financial assets				
Bank deposits		—	110	—
Interest receivable		—	3	—
Other investment		—	26	—
Other loans granted		—	51	—
Trade and other receivables		—	1,886	—
Cash and cash equivalents		—	6,342	—
Total assets for which fair values are disclosed		—	8,418	—
Financial instruments at fair value				
Derivatives designated as cash flow hedges				
Cross-currency interest rate exchange contracts		—	—	—
Interest rate exchange contracts		—	90	—
Total financial Instruments at fair value, liabilities		—	90	—
Liabilities for which fair values are disclosed				
Financial liabilities at amortized cost		11,177	14,233	—
Trade and other payables		—	4,007	—
Total liabilities for which fair values are disclosed		11,177	18,240	—

As of 31 December 2013

Description	(Level 1)	(Level 2)	(Level 3)
Financial instruments at fair value through profit or loss			
Derivatives not designated as hedges			
Cross-currency interest rate exchange contracts	—	2	—
Foreign exchange contracts	—	1	—
Embedded derivatives in notes	—	—	154
Derivatives over non-controlling interest	—	—	35
Financial instruments at fair value			
Derivatives designated as cash-flow hedges			
Cross-currency interest rate exchange contracts	—	9	—
Interest rate exchange contracts	—	1	—
Available for sale financial instruments	<u>—</u>	<u>—</u>	<u>20</u>
Total financial Instruments at fair value, assets	<u>—</u>	<u>13</u>	<u>209</u>
Assets for which fair values are disclosed			
Loans granted, deposits and other financial assets			
Bank deposits	—	396	—
Interest receivable	—	6	—
Other investment	—	36	—
Other loans granted	—	42	—
Trade and other receivables	—	2,407	—
Cash and cash equivalents	—	4,454	—
Total assets for which fair values are disclosed	<u>—</u>	<u>7,341</u>	<u>—</u>
Financial instruments at fair value			
Derivatives designated as cash flow hedges			
Cross-currency interest rate exchange contracts	—	171	—
Interest rate exchange contracts	—	100	—
Total financial Instruments at fair value, liabilities	<u>—</u>	<u>271</u>	<u>—</u>
Liabilities for which fair values are disclosed			
Financial liabilities at amortized cost	20,327	9,465	—
Trade and other payables	—	4,860	—
Total liabilities for which fair values are disclosed	<u>20,327</u>	<u>14,325</u>	<u>—</u>

* Derivatives over non-controlling interests are valued at the net present value of the redemption amount with the value movements recorded in the other comprehensive income.

The movement of financial instruments measured at the fair value using unobservable inputs (Level 3) is presented below:

	As of 31 Dec. 2013	Currency translation adjustment	Change in fair value reported in earnings	Change in fair value reported in equity	Purchased	Sold/ Settled/ Expired	As of 31 Dec., 2014
Financial instruments at fair value through profit or loss							
Derivatives not designated as hedges							
Embedded derivatives in notes	154	—	(149)	—	3	—	8
Financial instruments at fair value Available for sale financial							
instruments	<u>20</u>	<u>(2)</u>	<u>—</u>	<u>4</u>	<u>—</u>	<u>—</u>	<u>22</u>
Total financial Instruments at fair value, assets	<u>174</u>	<u>(2)</u>	<u>(149)</u>	<u>4</u>	<u>3</u>	<u>—</u>	<u>30</u>

	As of 31 Dec. 2012	Currency translation adjustment	Change in fair value reported in earnings	Change in fair value reported in equity	Purchased	Sold/ Settled/ Expired	As of 31 Dec. 2013
Financial instruments at fair value through profit or loss							
Derivatives not designated as hedges							
Embedded derivatives in notes	77	—	77	—	—	—	154
Financial instruments at fair value							
Available for sale financial instruments	—	—	—	—	20	—	20
Total financial Instruments at fair value, assets							
	<u>77</u>	<u>—</u>	<u>77</u>	<u>—</u>	<u>20</u>	<u>—</u>	<u>174</u>
Loans granted, deposits and other financial assets for which fair values are disclosed							
	<u>796</u>	<u>(51)</u>	<u>(862)</u>	<u>—</u>	<u>117</u>	<u>—</u>	<u>—</u>

The changes in fair value are unrealised and recorded in “Other non-operating losses” in the consolidated income statement.

Offsetting arrangements

For the financial assets and liabilities subject to netting arrangements, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities are settled on a gross basis.

The major arrangements applicable for the Group are agreements with national and international interconnect operators and agreements with roaming partners.

Several entities of the Group have entered into International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements or equivalent documents with their counterparties, governing the derivative transactions entered into between these entities and their counterparties. Based on these documents, only in case of an Event of Default of either the entity or the counterparty, it is allowed to offset any derivative positions outstanding.

	Gross amounts recognized	Gross amounts set off in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	<u>Related amounts not set off in the consolidated statement of financial position</u>		
				Financial instruments	Cash collateral received	Net amount
As at 31 December 2014						
Other financial assets (non-current) . . .	602	—	602	—	—	602
Other financial liabilities (non-current)	23,936	—	23,936	—	—	23,936
Other financial assets (current)	266	—	266	—	—	266
Other financial liabilities (current) . . .	3,188	—	3,188	—	—	3,188
Trade and other receivables	1,983	(97)	1,886	—	—	1,886
Trade and other payables	4,104	(97)	4,007	—	—	4,007
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

<u>As at 31 December 2013</u>	<u>Gross amounts recognized</u>	<u>Gross amounts set off in the consolidated statement of financial position</u>	<u>Net amounts presented in the consolidated statement of financial position</u>	<u>Related amounts not set off in the consolidated statement of financial position</u>		
				<u>Financial instruments</u>	<u>Cash collateral received</u>	<u>Net amount</u>
Other financial assets (non-current) . . .	262	—	262	—	—	262
Other financial liabilities (non-current)	26,802	—	26,802	—	—	26,802
Other financial assets (current)	440	—	440	—	—	440
Other financial liabilities (current)	2,426	—	2,426	—	—	2,426
Trade and other receivables	2,518	(111)	2,407	—	—	2,407
Trade and other payables	4,971	(111)	4,860	—	—	4,860

Major treasury events during 2014

VimpelCom Amsterdam B.V. financing

In 2014, VimpelCom Amsterdam B.V. has further drawn under the term loan facility entered into on 20 December 2012 in an amount up to USD 500 with China Development Bank Corporation as lender, bearing interest at a rate of LIBOR plus a margin of 3.30%, to finance equipment purchases by subsidiaries of VimpelCom Amsterdam B.V. from Huawei Technologies Company Limited and its affiliates. On 28 January 2014, 26 March 2014, 20 June 2014, 22 September 2014 and 18 December 2014, VimpelCom Amsterdam B.V. drew down USD 104, USD 71, USD 65, USD 57 and USD 99 respectively under this facility, after which the facility was fully utilized. OJSC VimpelCom has guaranteed VimpelCom Amsterdam B.V.'s payment obligations under this facility.

In 2014, VimpelCom Amsterdam B.V. has further drawn under the facility agreement entered into on 28 March 2013 with HSBC Bank plc for an U.S. dollar denominated Swedish export credit facility supported by EKN, for a total principal amount of USD 500, of which USD 270 was committed. The purpose of the facility is to finance equipment and services provided to the subsidiaries of VimpelCom Amsterdam B.V. by Ericsson on a reimbursement basis. The committed facility bears interest at a rate of 1.72%. On 26 February 2014 and 9 October 2014, VimpelCom Amsterdam B.V. drew down USD 105 and USD 78 respectively under this facility, after which the committed part of the facility was fully utilized. OJSC VimpelCom has guaranteed VimpelCom Amsterdam B.V.'s payment obligations under this facility.

On each of 2 April 2014 and 18 April 2014, VimpelCom Amsterdam B.V. signed a credit facility agreement with OAO "Alfa-Bank", each for a total principal amount of USD 500 (each an "Alfa-Bank Credit Facility"). Each Alfa-Bank Credit Facility has a three-year term, bears interest at a rate of LIBOR plus 3.25% per annum (subject to adjustments in accordance with the terms of the agreement) and is guaranteed by VimpelCom Holdings B.V. On 3 April 2014 and 23 April 2014, VimpelCom Amsterdam B.V. drew down USD 500 and USD 500 under the respective Alfa-Bank Credit Facilities.

On 7 April 2014, VimpelCom Amsterdam B.V. signed a revolving credit facility agreement with several international banks for a total principal amount of USD 1,650, with an option to increase the principal amount of the facility by up to USD 150 within 6 months after the date of signing (the "2014 RCF"), which increase was executed on 3 October 2014. The 2014 RCF has a three year tenor, bears interest at a rate of LIBOR plus 2.95% per annum (subject to adjustments in accordance with the terms of the agreement) and is guaranteed by VimpelCom Holdings B.V. On 23 April 2014, VimpelCom Amsterdam B.V. drew down USD 1,000 under the 2014 RCF which was repaid on 30 June 2014, and on 8 September 2014, VimpelCom Amsterdam B.V. drew down USD 500 under this facility which was repaid on 5 February 2015.

On 16 April 2014 and with effect as from 25 April 2014, VimpelCom cancelled the existing US\$225 million and EUR 205 million (approximately USD 283 as of 25 April 2014) revolving credit facility that VimpelCom Amsterdam B.V., as borrower, had entered into with a syndicate of lenders in 2011.

OJSC VimpelCom financing

On 30 April 2014, OJSC VimpelCom signed a loan facility agreement with CISCO Systems Finance International. The loan is a Russian ruble-denominated equipment financing facility for a total amount of RUB 1,500 million (approximately USD 42 as of 30 April 2014). The purpose of the facility is to finance equipment purchased by OJSC VimpelCom from CISCO on a reimbursement basis. The facility bears interest at a rate of 8.85%. The facility was drawn on 7 May 2014 and 9 July 2014 in an amount of RUB 1,312 million (approximately USD 37 as of 7 May 2014) and RUB 188 million (approximately USD 5 as of 9 July 2014) respectively.

On 30 May 2014, OJSC VimpelCom entered into a credit facility agreement with OJSC Sberbank for the amount of RUB 25,000 million (approximately USD 722 as of 30 May 2014). The facility bears interest at a rate of 10.75% (subject to adjustments in accordance with the terms of the agreement). On 29 September 2014, 13 October 2014 and 10 November 2014, OJSC VimpelCom drew down RUB 2,500 million (approximately USD 65 as of 29 September 2014), RUB 10,000 million (approximately USD 249 as of 13 October 2014) and RUB 12,500 million (approximately USD 261 as of 10 November 2014), respectively.

On 30 May 2014, OJSC VimpelCom entered into a revolving credit facility with OJSC Sberbank for the amount of RUB 15,000 million (approximately USD 433 as of 30 May 2014). The facility bears interest at a rate of MosPrime plus 2.1% (subject to adjustments in accordance with the terms of the agreement). On 2 July 2014, OJSC VimpelCom drew down an amount of RUB 8,000 million (approximately USD 234 as of 2 July 2014) under this facility, which was repaid on 29 September 2014. The revolving credit facility with OJSC Sberbank that OJSC VimpelCom had previously entered into on 1 December 2011 was terminated on 23 June 2014.

WAF Bonds

On 23 April 2014, Wind Acquisition Finance S.A., or “WAF,” issued EUR 1,750 million (approximately USD 2,418 as of 23 April 2014) 7.00% Euro denominated Senior Notes due 2021 and USD 2,800 7.375% U.S. dollar denominated Senior Notes due 2021 (together, the “2021 Notes”). The 2021 Notes are guaranteed by its parent Wind Telecomunicazioni S.p.A. The USD 2,800 U.S. dollar denominated tranche of the Senior Notes are hedged with cross currency interest rate swaps to EUR for an amount of EUR 2,030 million (approximately USD 2,805 as of 23 April 2014). The maturity date of the 2021 Notes and the related cross currency interest rate swaps is 23 April 2021. Pursuant to the cross currency interest rate swaps, WAF receives a fixed USD rate of 7.375% and pays a fixed EUR rate equal to an average 6.4364% on EUR 1,450 million (approximately USD 2,004 as of 23 April 2014) principal amount and a floating EUR rate equal to 6 months Euribor plus on average 5.0688% on EUR 580 million (approximately USD 801 as of 23 April 2014) principal amount.

Pursuant to an Offer to Purchase by WAF of all amounts outstanding under its 11.75% Senior Notes due 2017 using a portion of the proceeds of its offering of 2021 Notes, of the EUR 1,250 million (approximately USD 1,727 as of 23 April 2014) and USD 2,000 outstanding, notes for amounts of EUR 1,084 million (approximately USD 1,498 as of 23 April 2014) and USD 1,890 were tendered and settled on 23 April 2014 and notes for amounts of EUR 1 million (approximately USD 1 as of 9 May 2014) and USD 3 were tendered and settled on 9 May 2014. The remaining outstanding notes were called as per 15 July 2014. On 23 April 2014, funds have been placed in escrow accounts to fulfil those payments. The cross currency interest rate swaps related to the USD 2,000 11.75% Senior Notes due 2017 have been restructured to become part of the aforementioned cross currency interest rate swaps related to the 2021 Notes.

Pursuant to an Offer to Purchase by Wind Acquisition Holdings Finance S.A. of all amounts outstanding under its 12.25% Senior Notes due 2017 using (indirectly) a portion of the proceeds of the offering of 2021 Notes

by WAF, as well as a EUR 500 million (approximately USD 691 as of 17 April 2014) indirect cash injection from VimpelCom, which was settled on 17 April 2014, of the EUR 528 million (approximately USD 730 as of 23 April 2014) and USD 1,015 outstanding, notes for amounts of EUR 468 million (approximately USD 647 as of 23 April 2014) and USD 976 were tendered and settled on 23 April 2014 and notes for amounts of EUR 1 million (approximately USD 1 as of 9 May 2014) were tendered and settled on 9 May 2014. The remaining outstanding notes were called as per 15 July 2014. On 23 April 2014, funds have been placed in escrow accounts to fulfil those payments.

The net gain of USD 106 was recorded in “Other non-operating losses” in the consolidated income statement.

On 10 July 2014, WAF issued EUR 2,100 million (approximately USD 2,858 as of 10 July 2014) 4.00% Euro denominated Senior Secured Notes due 2020, EUR 575 million (approximately USD 783 as of 10 July 2014) 6 month Euribor + 4.00% Euro denominated Senior Secured Notes due 2020 and USD 1,900 4.75% U.S. dollar denominated Senior Notes due 2020 (together, the “2020 Notes”). The 2020 Notes are guaranteed by Wind Telecomunicazioni S.p.A. The USD 1,900 U.S. dollar denominated Senior Notes are hedged with cross currency interest rate swaps to EUR for an amount of EUR 1,413 million (approximately USD 1,923 as of 10 July 2014). The maturity date of the 2020 Notes and the related cross currency interest rate swaps is 15 July 2020. Pursuant to these cross currency interest rate swaps, WAF receives a fixed USD rate of 4.75% and pays a fixed EUR rate equal to on average 4.3474% on EUR 984 million (approximately USD 1,339 as of 10 July 2014) principal amount and a floating EUR rate equal to 6 months Euribor plus 4.00% on EUR 429 million (approximately USD 584 as of 10 July 2014) principal amount.

WAF issued an Offer to Purchase all amounts outstanding under its EUR 1,950 million (approximately USD 2,654 as of 10 July 2014) 7.375% Euro Senior Secured Notes due 2018 and under its USD 1,700 7.25% U.S. dollar Senior Secured Notes due 2018 using a portion of the proceeds of its offering of 2020 Notes. Of the outstanding amounts of EUR 1,950 million (approximately USD 2,654 as of 10 July 2014) and USD 1,700, notes for amounts of EUR 1,645 million (approximately USD 2,238 as of 10 July 2014) and USD 1,449 were tendered and settled on 10 July 2014. The remaining outstanding notes were called and settled on 25 July 2014. On 10 July 2014, funds have been placed in escrow accounts to fulfil those payments. Further proceeds have been used to repay portions of the Senior Facility Agreement on 10 July 2014 for EUR 573 million (approximately USD 780 as of 10 July 2014). The cross currency interest rate swaps related to the USD 1,700 million 7.25% Senior Notes due 2018 have been restructured to become part of the aforementioned cross currency interest rate swaps related to the 2020 Notes.

The refinancing transaction on 10 July 2014 was accounted for as an extinguishment resulting in a net pre-tax loss of USD 184 recorded in “Other non-operating losses” in the consolidated income statement.

WIND Senior Facility Agreement consent

Related to the aforementioned refinancing transaction, Wind Telecomunicazioni S.p.A. on 19 March 2014 requested, and on 3 April 2014 was granted, consent from the lenders in the Senior Facility Agreement (“SFA”) to enable, among other matters, a re-leveraging of Wind Telecomunicazioni S.p.A. and upstream loan to its parent Wind Acquisition Holdings Finance S.p.A., the adjustment of financial covenant ratios, an extension of the tenors of the term loan and revolving credit facilities, settlement of an outstanding intercompany loan with Wind Telecom S.p.A., and modification of the change of control definition, in exchange for a consent fee and an increase of the interest margin by 0.25%.

Banglalink Notes

On 6 May 2014, our Bangladesh subsidiary Banglalink issued USD 300 8.625% senior notes due 2019 (the “BDC Notes”). The BDC Notes were issued at a re-offer price of 99.008%, with a re-offer yield to maturity of 8.875% and a term of five years. Interest is payable semi-annually.

In May 2014, Banglalink repaid all amounts outstanding under its 17 December 2013 bridge facility from Standard Chartered Bank.

Also, in May and June 2014, Banglalink repaid 13.5% senior BDT notes and three other smaller facilities in an aggregate principal amount of USD 43, each of which had been subject to a common terms agreement dated 13 June 2007, as amended, and related intercreditor and security agreements.

PMCL Facilities

On 16 May 2014, Pakistan Mobile Communications Ltd. (“PMCL”) drew under several facilities for an amount of PKR 22,000 million (approximately USD 223 as of 16 May 2014). The interest rate varies from 3 month or 6 month KIBOR plus 1.00%-1.25% and the loans will mature in May 2021.

VimpelCom Holdings B.V. Facility

On 19 November 2014, VimpelCom Holdings B.V. entered into an USD 1,000 term loan facility agreement with China Development Bank Corporation and Bank of China Limited as lenders, bearing interest at a rate of LIBOR plus a margin of 3.06%, to finance equipment purchases by subsidiaries of VimpelCom Ltd. from Huawei Technologies Co. Ltd, its subsidiaries and its affiliates. VimpelCom Amsterdam B.V. has guaranteed the payment obligations under this facility. The facility is available for a period of three years and has a total tenor of eight years.

Omnium Telecom Algeria SpA Facility

On 16 December 2014, OTA signed a term loan facility agreement with several Algerian and international banks for a total principal amount of DZD 50,000 million (approximately USD 583 as of December 16, 2014). The maturity date of the facility is 30 September 2019. It bears interest at the of Bank of Algeria Re-Discount Rate plus 2.0% per annum (subject to adjustments in accordance with the terms of the agreement) and is unguaranteed. On 28 January 2015, the facility was fully drawn.

Optimum Telecom Algérie SpA Facility

On 16 December 2014, Optimum Telecom Algérie SpA signed a term loan facility agreement with several Algerian and international banks for a total principal amount of DZD 32,000 million (approximately USD 373 as of 16 December 2014). The maturity date of the facility is 30 September 2019 and bears interest at a rate of Bank of Algeria Re-Discount Rate plus 1.5% per annum (subject to adjustments in accordance with the terms of the agreement) and is unguaranteed. The facility is not yet drawn.

18. Current and non-current other financial assets and liabilities

Other non-current non-financial assets consisted of the following as of:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Deferred costs related to connection fees	13	9
Other long-term assets	<u>13</u>	<u>9</u>
	<u>26</u>	<u>18</u>

Other current non-financial assets consisted of the following as of:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Advances to suppliers	371	348
Input VAT	161	91
Prepaid taxes	141	196
Deferred costs related to connection fees	16	20
Indemnification assets	99	125
Others	<u>9</u>	<u>10</u>
	<u>797</u>	<u>790</u>

Other non-current non-financial liabilities consisted of the following as of:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Long-term deferred revenue	76	110
Provision for pensions and other post-employment benefits	126	110
Governmental grants	41	46
Payables for intangibles	43	52
Other non-current liabilities	<u>115</u>	<u>115</u>
	<u>401</u>	<u>433</u>

Other current non-financial liabilities consisted of the following as of:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Customer advances	496	874
Short-term deferred revenue	203	89
Customer deposits	85	79
Other taxes payable	580	554
Other payments to authorities	124	104
Due to employees	224	223
Other liabilities	<u>218</u>	<u>178</u>
	<u>1,930</u>	<u>2,101</u>

19. Inventories

Inventory consisted of the following as of:

	<u>31 December 2014</u>	<u>31 December 2013</u>
Telephone handsets and accessories for sale	99	170
SIM-Cards	14	18
Other inventory	26	29
Inventory write-offs	<u>(22)</u>	<u>(25)</u>
	<u>117</u>	<u>192</u>

20. Trade and other receivables

Trade and other receivables consisted of the following as of 31 December:

	<u>2014</u>	<u>2013</u>
Trade accounts receivable, gross	2,429	3,144
Allowance for doubtful accounts	(582)	(795)
Trade accounts receivable, net	1,847	2,346
Other receivables	39	61
	<u>1,886</u>	<u>2,407</u>

As of 31 December 2014, trade receivables with an initial value of USD 582 (2013: USD 795) were impaired and, thus, fully provided for. See below the movements in the provision for the impairment of receivables:

	<u>2014</u>	<u>2013</u>
Balance as of 1 January	795	717
Classified as held for sale	(4)	—
Provision for bad debts	208	207
Provision released	(7)	—
Accounts receivable written off	(292)	(135)
Foreign currency translation adjustment	(118)	6
Balance as of 31 December	<u>582</u>	<u>795</u>

As of 31 December, the aging analysis of trade receivables is as follows:

	<u>Total</u>	<u>Neither past due nor impaired</u>	<u>Past due but not impaired</u>		
			<u>< 30 days</u>	<u>30–120 days</u>	<u>> 120 days</u>
2014	1,847	1,187	181	137	342
2013	2,346	1,499	217	151	479

21. Cash and cash equivalents

Cash and cash equivalents consisted of the following items as of 31 December:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents at banks and on hand	4,586	3,929
Short-term deposits with an original maturity of less than 90 days	1,756	525
Total cash and cash equivalents	<u>6,342</u>	<u>4,454</u>

Cash at banks earns interest at floating rates based on bank deposit rates, Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The cash balances as of 31 December 2014 in Algeria of USD 2,732 (2013: 2,651), Uzbekistan of USD 532 (2013: USD 256) and Ukraine USD 116 (31 December 2013: USD nil) are restricted from repatriation due to local government or central bank regulations. Refer to Note 6 for a discussion of the settlement of our disputes with the Algerian Government, including around currency controls. There are no other foreign subsidiaries with significant cash balances for which the repatriation of surplus cash would result in a material tax liability.

The Company is not able to repatriate the cash balance of certain entities in Luxembourg and Italy as of 31 December 2014 of USD 255 (2013: USD 197) due to existing covenants under borrowing facilities.

Cash balances as of 31 December 2014 include investments in Money Market Funds of USD 1,207 (2013: USD 223).

22. Issued capital and reserves

As of 31 December 2014, the Company had 2,759,171,827 authorized common shares (2013: 2,759,171,827) with a nominal value of USD 0.001 per share, of which 1,756,731,135 shares were issued and outstanding (2013: 1,756,731,135). The holders of common shares are, subject to our bye-laws and Bermuda law, generally entitled to enjoy all the rights attaching to common shares. Each fully paid common share entitles its holder to (a) participate in shareholder meetings, (b) have one vote on all issues voted upon at a shareholder meeting, except for the purposes of cumulative voting for the election of the Supervisory Board, in which case each common share shall have the same number of votes as the total number of members to be elected to the Supervisory Board and all such votes may be cast for a single candidate or may be distributed between or among two or more candidates, (c) receive dividends approved by the Supervisory Board, (d) in the event of our liquidation, receive a pro rata share of our surplus assets; and (e) exercise any other rights of a common shareholder set forth in our bye-laws and Bermuda law.

As of 31 December 2014, the Company also had 305,000,000 authorized convertible voting preferred shares with a nominal value of USD 0.001 per share, of which 305,000,000 shares were issued and outstanding at 31 December 2014 (2013: 305,000,000). The redemption value of convertible preference shares are reflected in other financial liabilities. Each convertible preference share entitles its holder to one vote per convertible preferred share, voting together with the common shares as a single class, except where cumulative voting applies when electing directors. Convertible preferred shares do not have dividend rights. The holders of convertible preferred shares, in the event of our winding-up or dissolution, are not entitled to any payment or distribution in respect of our surplus assets. The holders of convertible preferred shares are, subject to our bye-laws and Bermuda law, entitled to convert their convertible preferred shares, at their option, at any time (a) after the date which is two years and six calendar months after the date of issue of the relevant convertible preferred shares but before the date which is five years after such date of issue and (b) during the period between the date on which a mandatory offer for all common and preferred shares is announced and the final business day such offer is open for acceptance, in each case, in whole or in part, into common shares on the basis of one common share for one convertible preferred share. Upon conversion, the converting shareholder must pay to VimpelCom a conversion premium per share equal to the greater of (a) the closing mid market price of VimpelCom common ADSs on the NASDAQ on the date of the conversion notice, and (b) the 30 day volume weighted average price on the NASDAQ of VimpelCom common ADSs on the date of the conversion notice. Any convertible preferred shares not redeemed five years after their issue will be immediately redeemed by the company at a redemption price of USD 0.001 per share.

In the accompanying financials and in these notes, shares held by the Company or its subsidiaries are treated as "treasury shares". Treasury shares amount to 8,132,989 shares of common stock as of 31 December 2014 (2013: 8,487,396).

Share options exercised in each respective year have been settled using the treasury shares of the Company. The reduction in the treasury shares equity component is equal to the cost incurred to acquire the shares, on a weighted average basis. Any excess between the cash received from employees and reduction in treasury shares is recorded in capital surplus.

Nature and purpose of reserves

Other capital reserves

The other capital reserve is used to recognise the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration (see Note 25) and to record the accumulated impact of derivatives designated as cash flow hedges (see Note 17).

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

23. Dividends paid and proposed

Pursuant to Bermuda law, VimpelCom is restricted from declaring or paying a dividend if there are reasonable grounds for believing that (a) VimpelCom is, or would after the payment be, unable to pay its liabilities as they become due, or (b) the realizable value of VimpelCom assets would, as a result of the dividend, be less than the aggregate of VimpelCom liabilities.

On 11 November 2014, the Supervisory Board authorized the payment of a dividend of USD 3.5 cents per ADS. The record date for the Company's shareholders entitled to receive the dividend payment has been set for 24 November 2014. The ex-dividend date has been set for 20 November 2014. The dividend has been paid in December 2014. The Company made appropriate tax withholdings of up to 15% when the dividend is paid to the Company's ADS depository, The Bank of New York Mellon.

24. Provisions

The following table summarizes the movement in provisions for the years ended 31 December 2013 and 2014:

	Income taxes provisions	Tax provisions other than for income tax	Provision for decommissioning	Legal provisions	Other provisions	Total provisions
At 1 January 2013	222	178	210	50	80	740
Arising during the year	228	224	17	25	1,311	1,805
Utilized	(3)	(40)	(2)	(23)	(34)	(102)
Reclassification	(106)	45	1	25	35	—
Unused amounts reversed	(58)	(36)	(1)	(7)	(10)	(112)
Discount rate adjustment and imputed interest (change in estimates)	—	—	(15)	—	—	(15)
Translation adjustments and other	(8)	(3)	(8)	(1)	1	(19)
At 31 December 2013	275	368	202	69	1,383	2,297
Current 2013	218	368	—	12	1,282	1,880
Non-current 2013	57	—	202	57	101	417
At 1 January 2014	275	368	202	69	1,383	2,297
Arising during the year	108	12	45	12	162	339
Utilized	(8)	(54)	(2)	(6)	(231)	(301)
Reclassification	44	(247)	—	(25)	228	—
Unused amounts reversed	(16)	(9)	(1)	(4)	(41)	(71)
Discount rate adjustment and imputed interest (change in estimates)	—	—	9	—	3	12
Translation adjustments and other	(50)	(10)	(63)	(2)	(256)	(381)
At 31 December 2014	353	60	190	44	1,248	1,895
Total current	131	31	—	14	1,192	1,368
Total non-current	222	29	190	30	56	527

At 31 December 2014, other provisions include the claim from Bank of Algeria of USD 1,125 as further discussed in Note 6.

The timing of payments in respect of non-current provisions is, with few exceptions, not contractually fixed and cannot be estimated with certainty. Key assumptions and sources of uncertainty are discussed in Note 4.

Significant tax and legal proceedings are discussed in Note 26 below. Given the uncertainties inherent in such proceedings, there can be no guarantee that the ultimate outcome will be in line with VimpelCom's current view.

25. Related parties

Shareholders and other related parties

As of 31 December 2014, the Company is primarily owned by two major shareholders: LetterOne Holding S.A. ("**LetterOne**") and Telenor East Holding II AS ("**Telenor**"). The Company has no ultimate controlling shareholder.

Alfa group is no longer a related party to the Company as defined in *IAS 24 Related Party Disclosures* following its internal restructuring and contributing its shares to LetterOne, whereby LetterOne is not part of the Alfa Group.

The following table provides the total amount of transactions that have been entered into with related parties and balances of accounts with them for the relevant financial years:

	For the year ended and as of 31 December 2014	For the year ended and as of 31 December 2013	For the year ended and as of 31 December 2012
Revenue from LetterOne	—	11	11
Revenue from Telenor	50	4	50
Revenue from associates	11	43	89
Revenue from Weather	—	1	—
Finance income from associates	2	39	681
Wind International Services Spa	—	—	27
SPAL TLC SpA	26	38	18
Revenue from other related parties	10	—	4
	<u>99</u>	<u>136</u>	<u>880</u>
Services from LetterOne	3	11	12
Services from Telenor	57	6	44
Services from associates	37	72	202
SPAL TLC SpA	34	49	—
Services from other related parties	11	—	30
	<u>142</u>	<u>138</u>	<u>288</u>
Cash and cash equivalent	—	52	112
Accounts receivable from LetterOne	—	1	1
Accounts receivable from Telenor	11	7	7
Accounts receivable from Weather	—	5	—
Wind International Services Spa	—	—	26
SPAL TLC SpA	3	11	46
Accounts receivable from associates	9	13	61
Advances to associates and JV	17	—	—
Financial asset receivable from associates	31	—	781
Accounts receivable from other related parties	1	—	3
	<u>73</u>	<u>89</u>	<u>1,037</u>
Accounts payable to Telenor	13	3	3
SPAL TLC SpA	8	9	10
Accounts payable to associates	20	11	40
Accounts payable to other related parties	1	—	9
	<u>42</u>	<u>23</u>	<u>62</u>

Outstanding balances and transactions with Telenor relate to operations with VimpelCom's shareholder Telenor East Holding II AS, its consolidated subsidiaries, its direct owners and their consolidated subsidiaries mainly represented by roaming agreements. On 8 March 2011, VimpelCom also entered into a services agreement with Telenor, under which Telenor renders to VimpelCom or its affiliates services related to telecommunication operations, including management advisory services, training, technical assistance and network maintenance, industry information research and consulting, implementation support for special projects and other services as mutually agreed by Telenor and VimpelCom. VimpelCom pays Telenor annually USD 1.5 for the services.

Outstanding balances and transactions with LetterOne relate to a General Services Agreement with LetterOne Corporate Advisor Limited, dated 1 December 2010, under which LetterOne Corporate Advisor Limited renders to VimpelCom and its affiliates services related to telecommunication operations, including management advisory services, training, technical assistance and network maintenance, industry information research and consulting, implementation support for special projects and other services as mutually agreed by LetterOne Corporate Advisor Limited and VimpelCom. VimpelCom pays LetterOne Corporate Advisor Limited annually USD 1.5 for the services. VimpelCom is also party to a Consultancy Deed with LetterOne Corporate Advisor Limited, dated 21 August 2013, under which LetterOne Corporate Advisor Limited provides additional consultancy services to VimpelCom for which VimpelCom pays annually USD 3.5. The General Services Agreement and Consultancy Deed were originally entered into by VimpelCom and Altimo Management Services Ltd., but the latter was replaced by LetterOne Corporate Advisor Limited pursuant to a Deed of Assignment and Novation dated 3 June 2014.

Outstanding balances and transactions with Weather II relate to operations with VimpelCom's shareholder Weather II, its consolidated subsidiaries, its direct owners and their consolidated subsidiaries. In particular, Wind International Services (subsidiary of Weather II) provides call termination and related services to VimpelCom subsidiaries pursuant to a framework agreement.

Effective from 15 August 2012, all entities affiliated with Weather Investments II S.à r.l. are no longer considered to be related to VimpelCom as a result of a change in VimpelCom's shareholder structure on that date.

Outstanding balances and transactions with associates relate to operations with VimpelCom's equity investees (see Note 12). Loans receivable mainly represent outstanding balances from GWMC before the disposal in September 2014 (see Notes 6 and 17). Euroset transactions mainly represent sales of telephones and accessories, dealer commission payments for the acquisition of new customers and commission for payments receipts.

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended 31 December 2014, 2013 and 2012, VimpelCom has not recorded any impairment of receivables relating to amounts owed by related parties, other than the loans from GWMC (Notes 6 and 17). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Company

Members of the Supervisory Board and Management Board of the Company are the key management personnel. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Short-term employee benefits	26	27	31
Long-term employee benefits	19	12	—
Share-based payment transactions	2	11	1
Termination benefits	<u>1</u>	<u>1</u>	<u>—</u>
Total compensation to key management personnel	<u>48</u>	<u>51</u>	<u>32</u>

Each of our unaffiliated directors currently receives an annual retainer of EUR 150,000. Each affiliated director receives an annual retainer of EUR 40,000, and our current chairman of the Supervisory Board receives

an additional annual retainer of EUR 4,000. In addition, each unaffiliated director who serves on any official committee of our Supervisory Board receives additional annual compensation of EUR 30,000 per committee (for serving as head of any such committee) or EUR 25,000 per committee (for serving as member of any such committee). All of our directors are reimbursed for expenses incurred in connection with service as a member of our Supervisory Board. For this purpose, the term “unaffiliated director” means a director that is not an “Affiliate” (as defined in the Company’s bye-laws) nor employed by an Affiliate of the Company and “affiliated director” means a director who is not an “unaffiliated director”.

In addition, until 2012 our directors who were not employees were able to participate in a phantom stock plan, pursuant to which they each receive up to a maximum of 20,000 phantom ADSs per year, with an additional 10,000 phantom ADSs granted to the chairman of the supervisory board and an additional 10,000 phantom ADSs granted to each director for serving as head of any official committee of the supervisory board. This plan was terminated as of 2012 and replaced by the Director Investment Plan discussed below. In 2014, an aggregate of 1,090,000 phantom ADSs were outstanding, all of which were exercisable as of 31 December 2014. No phantom ADSs were granted or exercised in 2014.

In addition, members of our senior management and supervisory board are eligible to participate in cash based long term incentive plans discussed below.

To the extent that the exercise terms have not expired, our senior managers also remain eligible for their existing stock option plans and stock appreciation rights, or SARs, plan discussed below. In 2014, no new grants were made under these plans.

Executive Investment Plan and Director Investment Plan

In March 2012, we adopted the VimpelCom Ltd. Executive Investment Plan, or “EIP,” in which certain members of our senior management may participate, and in August 2012, we adopted the VimpelCom Ltd. Director Investment Plan, or “DIP,” in which members of our supervisory board may participate. Under the EIP and DIP, participants are invited to personally invest in our common shares. At the same time as their investment, participants will be awarded matching options to acquire a number of matching shares at the end of a specified performance period if, at the end of that performance period, certain performance conditions and other conditions set out in the plan documents have been met. If all conditions to vesting have been met, the number of matching shares that participants will receive when they exercise their options will be based on a multiple of their initial investment.

The EIP and DIP are administered by the compensation committee of our supervisory board. The compensation committee determines the timing of awards, the performance conditions and performance period for the vesting of the matching options. In the case of the EIP, the compensation committee also determines which members of our senior management will receive invitations.

In June 2012, the compensation committee made an offer to certain members of senior management to participate in the EIP, and in August 2012, the compensation committee made an offer to members of our supervisory board to participate in the DIP. The matching options awarded in connection with these offers were subject to a two-year performance period and performance conditions set out in the plan’s documents, as well as the terms of the plan. The relevant performance conditions were not met at the vesting date at the end of the performance period (or, for certain members of senior management whose employment terminated in 2014 before the end of the two-year period, at the last date of employment). Accordingly, the matching options awarded in 2012 did not vest and were not exercised in 2014. In March 2013 and June 2014, the compensation committee again made offers to certain members of senior management to participate in the EIP and to members of our supervisory board to participate in the DIP, both under substantially the same terms and conditions as applicable to the 2012 offers. With respect to the 2014 offers, a number of participants in the 2013 EIP and 2013 DIP offers elected to exchange their 2013 participations for 2014 participations, and the applicable 2013 participations were forfeited upon this exchange.

Stock Option Plans

Historically, OJSC VimpelCom maintained a stock option plan, the 2000 Stock Option Plan, under which it granted options to certain of its, and its subsidiaries', affiliates, officers, employees, directors and consultants to acquire shares of common stock of OJSC VimpelCom. In connection with the completion of the VimpelCom Ltd. Transaction, as of 21 April 2010, the 2000 Stock Option Plan was transferred to VimpelCom Ltd. and options granted under the 2000 Stock Option Plan, as amended, allow grantees to acquire VimpelCom Ltd. common shares upon exercise of the options. Options are granted by VC ESOP N.V., our indirect wholly owned subsidiary. The 2000 Stock Option Plan is administered by a committee appointed by the board of directors of VC ESOP N.V., which committee determines to whom options are granted under the plan, the number of options that are granted and the terms and conditions of option grants, including the exercise price per share. The committee appointed to administer the 2000 Stock Option Plan is currently composed of the three directors who currently sit on the compensation committee of our supervisory board.

On 21 April 2010, we adopted the VimpelCom 2010 Stock Option Plan, under which certain of our, and our subsidiaries', affiliates, officers, employees, directors and consultants are eligible for grants of options to acquire our common shares. Options under the 2010 Stock Option Plan may be granted by VimpelCom Ltd. or our affiliates. The 2010 Stock Option Plan is administered by the compensation committee of our supervisory board, which committee determines to whom options are granted under the plan, the number of options that are granted and the terms and conditions of option grants, including the exercise price per share.

The Company has granted options to a selected number of senior management members based on similar terms and conditions as applicable to the 2010 Stock Option Plan. As of December 31, 2014, options to acquire approximately 1,712,177 of our common shares were outstanding based on our 2000 Stock Option Plan and 2010 Stock Option Plan, of which options in respect of approximately 1,245,177 of our common shares were exercisable as of such date. In addition, 175,200 options were exercised and 579,354 options lapsed or were cancelled in 2014, for example in connection with the termination of employment. The exercise prices of the options outstanding as of 31 December 2014, ranged from USD 10.42 per share to USD 16.74 per share. The options granted generally vest at varying rates over a two- or three-year period, subject in some instances to the attainment of performance targets, and vesting periods for certain employees will be accelerated if certain events specified in the stock option plans occur. The options outstanding as of 31 December 2014 are exercisable from dates ranging from the present date to 31 December 2020. If a plan participant ceases to be an employee of the Company or any of our affiliates (other than due to death or disability or for cause) or ceases to otherwise be eligible to participate in the plan, the individual will generally have the right to exercise vested options upon the earlier to occur of (a) the date of expiration of his option agreement and (b) the end of the first open trading window period following the effective date of termination of employment. In case of death or permanent disability of a plan participant, his or her beneficiaries generally will automatically acquire the right to exercise those options that have vested prior to the plan participant's death or permanent disability for the earlier of (i) 190 days and 90 days in the event of death and permanent disability, respectively, and (ii) 31 December 2015, in the case of options granted under the 2000 Stock Option Plan, and 31 December 2020, in the case of options granted under the 2010 Stock Option Plan. If a plan participant ceases to be an employee for cause, then generally the right to exercise options will terminate immediately unless waived by the stock option committee discussed above.

SARs Plan

The Company has granted appreciation rights ("SAR") to a selected number of senior management members based on similar terms and conditions as applicable to the 2010 Stock Option Plan. In 2013 most of these SARs granted were surrendered due to the introduction of the 2013-2015 Cash Based Long Term Incentive Plan discussed below. Participants of the 2013-2015 Cash Based Long Term Incentive Plan surrendered all unvested SAR tranches to become eligible for the 2013-2015 Cash Based Long Term Incentive Plan; only vested tranches (as of 31 December 2012) could be retained. As of 31 December 2014, 522,375 SARs remained outstanding, all of which are exercisable.

2013-2015 Cash Based Long Term Incentive Plan

In 2013, a cash based Long Term Incentive Plan was adopted for senior management. Under the 2013-2015 Cash Based Long Term Incentive Plan, the target amount that can be earned during the three year performance period is determined at the time of the grant. The actual amount that can be earned is subject to the attainment of key performance indicators (“KPIs”), which KPIs are set at the grant date for the duration of the three year performance period. The bonus vests in three annual tranches, assuming a full time participation in the plan as of 1 January 2013 up to and including 2015.

All unvested tranches lapse if the employment is terminated before the end of the performance period. In 2014, approximately USD 8.0 million was paid or banked in relation to amounts vested under the 2013 tranche. As of December 31, 2014 the total (all unvested) of target bonus amounts for the 2014 and 2015 tranches was approximately USD 28.8 million.

The 2013-2015 Cash Based Long Term Incentive Plan has been discontinued and replaced by the VimpelCom Ltd, Value Growth Cash Based Long Term Incentive Plan discussed below. Consequently, the total unvested amount under the 2015 tranche of the 2013-2015 Cash Based Long Term Incentive Plan (approximately USD 18.2 million) is not expected to vest.

VimpelCom Ltd. Value Growth Cash Based Long Term Incentive Plan

In January 2015, a new cash based Long Term Incentive Plan was adopted for senior management, replacing the 2013-2015 Cash Based Long Term Incentive Plan discussed above. Under the VimpelCom Ltd. Value Growth Cash Based Long Term Incentive Plan, awards are granted annually, the vesting of which is subject to the attainment of KPIs over a three year performance period (1 January 2014 to 31 December 2016 for the first awards, with an additional performance measurement over the first six months of 2017). The maximum target amount that may be earned under an award is determined at the time of the grant. The vesting of an award is subject to continued employment (except in limited “good leaver” circumstances) and to the compensation committee’s determination of the attainment of KPIs after the relevant performance period (in the third quarter of 2017 for the first awards). For participants joining after the start of a performance period, vested awards will be subject to pro-rata reduction. Awards may vest early upon the occurrence of certain corporate events relating to VimpelCom Ltd., subject to the compensation committee’s determination of the attainment of KPIs at the time of the relevant event and a potential pro-rata reduction to reflect the early vesting.

As of 31 December 2014, the total amount (all unvested) of target awards granted under the 2014 award of the VimpelCom Ltd. Value Growth Cash Based Long Term Incentive Plan was approximately USD18.7 million.

Director Cash Based Long Term Incentive Plan

In December 2014, our supervisory board approved a cash based Long Term Incentive Plan for our unaffiliated directors (“Director LTI Plan”). Under the Director LTI Plan, awards are granted annually, covering a three year performance period (1 January 2014 to 31 December 2016 for the first awards, with an additional performance measurement over the first six months of 2017). The actual amount that may be earned under an award is determined on the basis of the annual retainer of the unaffiliated director and the actual payout to headquarters participants in the corresponding tranche of the VimpelCom Ltd. Value Growth Cash Based Long Term Incentive Plan. For participants leaving before the end, or joining after the start, of a performance period, vested awards will be subject to pro-rata reduction, provided that the participant has served as an unaffiliated director for at least 12 months during the performance period. Awards may vest early upon the occurrence of certain corporate events relating to VimpelCom Ltd., subject to the compensation committee’s determination of the attainment of KPIs at the time of the relevant event and a potential pro-rata reduction to reflect the early vesting.

26. Commitments, contingencies and uncertainties

Risks

Currency control risks

The imposition of currency exchange controls or other similar restrictions on currency convertibility in Algeria, Ukraine and CIS countries (particularly in Uzbekistan) could limit VimpelCom's ability to convert local currencies or repatriate local cash in a timely manner or at all, as well as remit dividends from the respective countries. Any such restrictions could have a material adverse effect on VimpelCom's business, financial condition and results of operations. The continued success and stability of the economies of these countries will be significantly impacted by their respective governments' continued actions with regard to supervisory, legal and economic reforms. Refer to Note 6 for further information regarding the Company's agreement to resolve its disputes, including as it relates to currency restrictions, with the Algerian Government.

Domestic and global economy risks

The economies of countries where VimpelCom operates are vulnerable to market downturns and economic slowdowns elsewhere in the world. The respective governments of these countries continue to take measures to support the economies in order to overcome the consequences of the global financial crisis. Despite some indications of recovery, there continues to be uncertainty regarding further economic growth, access to capital and cost of capital, which could negatively affect the Company's future financial position, results of operations and business prospects.

In addition, the Company has significant operations in Russia and Ukraine, which represents 42% and 23% of the Company's revenues and assets excluding intercompany transactions and balances, respectively. Both countries are currently experiencing a period of significant political and macroeconomic volatility, the outcome of which cannot be predicted and could negatively affect the Company's financial position, results of operations and business prospects.

While management believes it is taking the appropriate measures to support the sustainability of VimpelCom's business in the current circumstances, unexpected further deterioration in the areas could negatively affect the Company's results and financial position in a manner not currently determinable.

Legislation risks

In the ordinary course of business, VimpelCom may be party to various legal and tax proceedings, including as it relates to compliance with the rules of the telecom regulators in the countries in which VimpelCom operates, competition law and anti-bribery and corruption laws, including the U.S. Foreign Corrupt Practices Act ("FCPA"). Non-compliance with such rules and laws may cause VimpelCom to be subject to claims, certain of which may relate to the developing markets and evolving fiscal and regulatory environments in which VimpelCom operates. In the opinion of management, VimpelCom's liability, if any, in all pending litigation, other legal proceeding or other matters, other than what is discussed in this Note, will not have a material effect upon the financial condition, results of operations or liquidity of VimpelCom.

VimpelCom's operations and financial position will continue to be affected by political developments in the countries in which VimpelCom operates including the application of existing and future legislation, and telecom and tax regulations. These developments could have a significant impact on VimpelCom's ability to continue operations. VimpelCom does not believe that these contingencies, as related to its operations, are any more significant than those of similar enterprises in such countries.

Tax risks

The tax legislation in the markets VimpelCom operates in are unpredictable and give rise to significant uncertainties, which could complicate the Company's tax planning and business decisions. Tax laws in many of

the emerging markets in which the Company operates have been in force for a relatively short period of time as compared to tax laws in more developed market economies. Tax authorities in the Company's markets are often somewhat less advanced in their interpretation of tax laws, as well as in their enforcement and tax collection methods.

Any sudden and unforeseen amendments of tax laws or changes in the tax authorities' interpretations of the respective tax laws and/or double tax treaties, could have a material adverse effect on our future results of operations, cash flows or the amounts of dividends available for distribution to shareholders in a particular period (e.g. introduction of transfer pricing rules and Controlled Foreign Operation ("CFC") legislation).

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, VimpelCom has accrued tax liabilities based on management's best estimate. From time to time, we may also identify tax contingencies for which we have not recorded an accrual. Such unaccrued tax contingencies could materialize and require us to pay additional amounts of tax.

Commitments

Telecom Licenses Capital Commitments

VimpelCom's ability to generate revenue in the countries it operates is dependent upon the operation of the wireless telecommunications networks authorized under its various licenses under GSM-900/1800 and "3G" (UMTS / WCDMA) mobile radiotelephony communications services and "4G" (LTE). Under the license agreements operating companies are subject to certain commitments, such as territory or population coverage, level of capital expenditures, and number of base stations to be fulfilled within a certain timeframe. After expiration of the license, our operating companies might be subject to additional payments for renewals, as well as new license capital and other commitments.

In July 2012, OJSC VimpelCom was awarded a mobile license, a data transmission license, a voice transmission license and a telematic license for the provision of LTE services in Russia. The roll-out of the LTE network will occur through a phased approach based on a pre-defined schedule pursuant to the requirements of the license. The LTE services were launched in the middle of 2013 and offered in six regions in Russia by the end of the year. The services will be extended to a specific number of additional regions each year through to 1 December 2019 by when services must cover all of Russia. OJSC VimpelCom is required to comply with the following conditions among others under the terms of the license: (i) invest at least RUB 15 billion (USD 264) in each calendar year, for which the Company complied to date in the construction of its federal LTE network until the network is completed, which must occur before 1 December 2019; (ii) provide certain data transmission services in all secondary and higher educational institutions in specified areas; and (iii) provide interconnection capability to telecommunications operators that provide mobile services using virtual networks in any five regions in Russia not later than 25 July 2016.

Apple

On 4 October 2013, OJSC VimpelCom and Apple RUS ("Apple") signed an agreement regarding VimpelCom's purchase of iPhones from Apple (the "Agreement"). Under the Agreement, a specified number of iPhones handsets are to be ordered by OJSC VimpelCom each quarter between 4 October 2013 and 30 June 2016 according to a schedule (the "Schedule"). Pursuant to the Agreement, OJSC VimpelCom must acquire a minimum of 600,000 iPhone handsets during the period of the Agreement. If OJSC VimpelCom does not comply with the Schedule and certain other terms of the Agreement, then according to the Agreement, OJSC VimpelCom could become liable for the shortfall in orders of iPhone handsets. The Company plans to fulfill its purchase obligations of the total number of equipment by the date mentioned in the agreement.

Operating lease commitments

Operating lease commitments are as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Less than 1 year	209	297	244
Between 1 and 5 years	365	478	303
More than 5 years	200	315	275
Total	<u>774</u>	<u>1,090</u>	<u>822</u>

Operating lease commitments mainly relate to the lease of base station sites and office spaces. Operating leases can be renewed but may be subject to renegotiations with lessors.

Contingencies and uncertainties

VimpelCom Ltd.

Investigation of the operations in Uzbekistan

The United States Securities and Exchange Commission (“**SEC**”), the United States Department of Justice (“**DOJ**”) and the Dutch Public Prosecution Service (“**OM**”) are conducting investigations related to the Company, which have been focused primarily on the Company’s prior dealings with Takilant Ltd. (“**Takilant**”).

In June 2007, Takilant purchased from the Company a 7% interest in the Company’s business in Uzbekistan for USD 20 and entered into a shareholders agreement with the Company. In September 2009, Takilant exercised its option to put its 7% interest to the Company for USD 57.5, an amount specified in the shareholders agreement. In addition, the Company had agreements with Takilant relating to the acquisition of frequency spectrum (including with respect to 3G and LTE) and channels in Uzbekistan pursuant to which the Company paid Takilant an aggregate of USD 57.

It has also been reported in the press that Takilant is currently being investigated in Sweden and Switzerland on allegations that it and certain persons associated with it have committed acts of bribery and money-laundering connected with their activities in Uzbekistan, and also that Takilant is being investigated in The Netherlands and perhaps other jurisdictions. These investigations may, in part, involve the Company.

As a result of concerns arising from press reports regarding Takilant, the Company commenced a review with respect to its operations in Uzbekistan, including its relations with Takilant, and in 2013 the Company retained external counsel with expertise relating to the U.S. Foreign Corrupt Practices Act (“**FCPA**”) and other anti-corruption laws and regulations to conduct such investigation.

Following notice of the investigations by the SEC, DOJ and OM, the Company established a Special Committee of the Supervisory Board in March 2014 to oversee the internal investigation being conducted by the Company’s external counsel and the Company’s response to the inquiries by various authorities. The Special Committee consists of directors who qualify as independent for purposes of Rule 10A-3 under the Exchange Act. The investigation being conducted by the Company’s external counsel has been focused primarily on the Company’s Uzbekistan operations, including relations with Takilant, and whether there was any conduct in the Company’s operations in Uzbekistan that may have violated the anti-bribery provisions of the FCPA, the FCPA’s books and records and internal controls provisions, applicable local laws and/or the Company’s own internal policies, the investigation is also reviewing the Company’s operations in additional countries.

In 2014, the Company reported revenues and total assets from its Uzbekistan operations of USD 718 and USD 1,116, respectively, which equals 4% and 3% of the Company’s revenues and total assets, respectively.

The Company expects to continue incurring costs related to the investigations, primarily professional fees and expenses, which may be significant. These costs relate to responding to requests for information and testimony in connection with the investigations and in conducting the Company's internal investigation, and the Company cannot predict at this time the ultimate amount of all such costs, which costs will be expensed as incurred.

The SEC, DOJ and Dutch investigations, as well as the Company's own investigations, are continuing, and the Company has cooperated, and continues to cooperate, with the authorities in these investigations. The Company is also exploring the prospect of resolving the Company's potential liabilities arising from the facts established in the investigations. The Company is unable to predict the duration, scope or results of the ongoing investigations or how the results of these investigations or any resolutions may impact the Company's business, results of operations, financial condition or the assessment of the Company's internal controls. Further, there can be no assurance that such investigations will not be broader in scope than they currently appear, or that new investigations will not be commenced in these or other jurisdictions, or that there will not be litigation commenced against the Company.

One or more enforcement actions could be instituted in respect of the matters that are the subject of some or all of the investigations. The DOJ and SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations, including, but not limited to, fines, penalties, and disgorgement of profits. The OM and enforcement authorities in other jurisdictions also have a range of sanctions under the relevant laws and regulations. The imposition of any of these sanctions or remedial measures could have a material adverse effect on the Company's results of operations or financial condition. At this time, no provision for any such fines, penalties, or disgorgements has been recorded, as there is no legal or constructive present obligation. Additionally, management cannot make a reliable estimate of any future potential losses arising from this matter.

Global Telecom Holding

Iraqna Litigation

On 19 November 2012, Atheer Telecom Iraq Limited ("**Atheer**", an affiliate of the Zain Group) initiated English High Court proceedings against Orascom Telecom Iraq Ltd. ("**OTIL**") and Global Telecom Holding S.A.E. ("**GTH**") in relation to a dispute arising out of the sale by OTIL of its Iraqi mobile subsidiary, Iraqna, in 2007 to Atheer. Atheer's claim is founded on the tax covenants in the underlying share purchase agreement ("**SPA**") between the parties. In particular, Atheer is seeking declarations from the Court that OTIL and GTH are liable to indemnify it in respect of three alleged tax liabilities: (i) a capital gains tax liability in the sum of IQD 219 billion (approximately USD 192 as of 31 December 2014) in respect of the transaction that formed the subject-matter of the 2007 SPA; (ii) an income tax liability in the sum of approximately IQD 96 billion (approximately USD 84 as of 31 December 2014) in respect of the years 2004-2007; and (iii) a withholding tax liability in the sum of approximately IQD 7 billion (approximately USD 6 as of 31 December 2014).

The dispute is currently pending before the English High Court in London and is listed for hearing in July 2015. OTIL and GTH are vigorously defending the claims.

Tax Litigation—Licence Fees Dispute

In March 2010, the Egyptian Large Taxpayer Office ("**LTO**") conducted a review of GTH's tax filings for the tax years 2000-2004. Following its review, the LTO assessed additional tax liabilities in the amount of approximately EGP 2 billion (approximately USD 280 as of 31 December 2014) against GTH for these tax years. The basis for the assessment was that, according to the LTO, GTH's investments in Algeria, Syria, Iraq, Tunisia and Sub-Saharan Africa during these tax years were actually license fees paid to foreign governments for which Egyptian withholding tax was due according to Egyptian tax laws.

GTH challenged the LTO's assessment for lack of legal basis in a proceeding before an appellate committee of the Egyptian Ministry of Finance. On 15 May 2012, the appellate committee cancelled the LTO's assessment of EGP 2 billion in part and reduced the assessed amount to EGP 397 million (approximately USD 57 as of 31 December 2014) excluding late payment interest of EGP 429 million (approximately USD 60 as of 31 December 2014).

GTH appealed the appellate committee's decision before the North Cairo Primary Court. Under Egyptian tax law, full payment of the amount assessed by the appellate committee is required before the appellate committee's decision can be appealed. Accordingly, GTH paid the assessed amount of EGP 397 million in installments whilst continuing to challenge the appellate committee's assessment. The LTO also challenged the appellate committee's decision and is seeking to reinstitute its original assessment of EGP 2 billion. Proceedings remain ongoing before the Court.

Tax Assessment—2008 and 2009 Tax Returns

In 2013, the LTO conducted a review of GTH's tax filings for the years 2008 and 2009. Following its review, on 24 February 2014, the LTO assessed additional corporate income tax and withholding tax liabilities in the amount of EGP 1,470 million (approximately USD 206 as of 31 December 2014) against GTH for these tax years.

The assessment is based on the LTO's calculation of GTH's taxable income for the period in question, which the LTO increased by a total of EGP 3,699 million (approximately USD 517 as of 31 December 2014) subject to 20% tax of EGP 740 million (approximately USD 103 as of 31 December 2014) in addition to withholding tax on license and consultancy fees in the amount of EGP 3,660 million (approximately USD 512 as of 31 December 2014) subject to approximately 20% tax of EGP 729 million (approximately USD 102 as of 31 December 2014).

The LTO has alleged that GTH wrongfully claimed tax deductions and tax exemptions in connection with corporate income taxes and withholding taxes.

GTH filed an objection to the assessment on 24 February 2014, the same day it was received. The dispute is currently before the Internal Committee of the tax authorities.

Omnium Telecom Algeria

Settlement of Disputes with Algerian Government

On 30 January 2015, the Company together with its subsidiary, GTH, completed the sale by GTH of a non-controlling 51% interest in Omnium Telecom Algeria S.p.A. (formerly known as Orascom Telecom Algérie) ("OTA") to the Fonds National d'Investissement, the Algerian National Investment Fund, for a purchase consideration of USD 2,643 (the "Transaction"). As part of the Transaction, the Company and GTH settled the disputes described below with the Algerian Government, and received a pre-closing dividend of USD 1,803 paid by OTA.

The foreign exchange and import restrictions put in place by the Bank of Algeria against OTA on 15 April 2010 were lifted on the closing of the Transaction, following the payment (with no admission of wrongdoing or liability) by OTA to the Algerian Treasury of the fine of DZD 99 billion (approximately USD 1,125). At closing of the Transaction, OTA definitively discontinued (with no admission of wrongdoing or liability) all pending related proceedings.

At closing of the Transaction, OTA also definitively discontinued (with no admission of wrongdoing or liability) all pending proceedings relating to the disputes with the Algerian tax administration relating to tax reassessments for the years 2004 to 2009. OTA has written off the related tax receivable on its balance sheet.

At closing of the Transaction, GTH terminated its international arbitration against the Algerian State initiated on 12 April 2012 and the parties to the arbitration settled the arbitration and all claims relating thereto.

Settlement of Dispute with Cevital

Pursuant to an amended Framework Agreement between GTH and Cevital S.p.A. (“**Cevital**”), a minority shareholder in OTA, at closing of the Transaction, Cevital dismissed all pending litigation against OTA in settlement for a dinar payment by OTA equal to approximately USD 50 plus Cevital’s entitled share of the approximately USD 1,862 pre-closing dividend paid by OTA to its shareholders.

SIM Card Users

In 2010, the Algerian Government issued a new finance law where in case of failure to identify a SIM card user, a penalty amounting to DZD 100,000 (approximately USD 0.0011 as of 31 December 2014) for each unidentified SIM is paid for the first year and increased to DZD 150,000 (approximately USD 0.0017 as of 31 December 2014) for the second year. Although the exposure cannot currently be estimated, it is not expected to have a material impact on the financial statements.

KaR—Tel

Turkish Litigation—Former Shareholders

In 2005, the Savings Deposit Insurance Fund (the “**Fund**”), a Turkish state agency responsible for collecting state claims arising from bank insolvencies, issued a Payment Order against KaR-Tel for TRY 7.55 billion (approximately USD 3,230 as of 31 December 2014). The Payment Order was based on the Fund’s claim against the Turkish Uzan Group, which the Fund alleged was a debtor of T. Imar Bankasi, an insolvent Turkish bank. Two entities in the Uzan Group (the “**Former Shareholders**”) held a 60% equity interest in KaR-Tel until November 2003 when KaR-Tel redeemed the Former Shareholders’ equity interest pursuant to a decision of the Almaty City Court of 6 June 2003, which was confirmed by the Kazakhstan Supreme Court on 23 July 2003 (the “**Kazakh Judgment**”).

On 20 October 2009, KaR-Tel filed with the Sisli 3d Court of the First Instance in Istanbul an application for the recognition of the Kazakh Judgment in Turkey. Following a number of hearings and appeals, on 30 January 2013, the Supreme Court upheld earlier court decisions and confirmed the recognition of the Kazakh Judgment in Turkey.

On 20 October 2009, KaR-Tel also filed with the 4th Administrative Court of Istanbul a petition asking the court to treat the recognition of the Kazakh Judgment as a court precedent and to suspend the enforcement proceedings in relation to the Order to Pay. On 25 October 2010, the 4th Administrative Court ruled that the Order to Pay was illegal and annulled it. The Court’s decision was appealed by the Fund.

On 22 March 2012, the Fund’s appeal of the decision of the 4th Administrative Court was reviewed by the Prosecution Office of the Council of State and sent to the 13th Chamber of the Council of State for review on the merits. The Council State Chamber’s decision remains pending.

KaR-Tel maintains that the Fund’s claim is without merit.

Competition Investigation—International Incoming Traffic

On 4 September 2014, Kazakhtelecom filed a complaint with the Kazakhstan Competition Authority (“**KCA**”) against KaR-Tel and Kcell JSC for allegedly unauthorised restricting international incoming traffic from Kazakhtelecom. The KCA requested information from KaR-Tel which KaR-Tel duly provided. The KCA

subsequently initiated a full investigation against KaR-Tel by Order N 92-OD dated 24 November 2014 and is collecting various data. KaR-Tel has filed formal objections against the Order in court. The company is also in the process of collecting internal data to help defend its position.

Wind Telecomunicazioni

Fastweb Litigation

On 2 January 2014, Fastweb served a claim on Wind based on competition proceedings no. A/357 which in August 2007 condemned Wind and Telecom Italia for abuse of their dominant positions in the wholesale termination market in favour of their respective internal commercial divisions and to the detriment of the competitors in the fixed market. Fastweb has claimed damages of approximately €138 million (approximately USD 167 as of 31 December 2014) from Wind for losses suffered as a result of Wind's breach of competition law.

Wind is challenging the claim on substantive and procedural grounds. The first hearing before the court of first instance was scheduled for March 2015 but has been postponed to an as yet unknown date.

Conclusion of Italian Competition Authority Investigation

In September 2012, the Italian Competition Authority (the "ICA") commenced an investigation in respect of Telecom Italia, Vodafone and Wind and carried out dawn raids on their premises. The investigation was pursuant to a claim by Italian mobile operator, Bip Mobile. Bip Mobile alleged that Telecom Italia, Vodafone and Wind had entered into a horizontal agreement which was aimed at preventing the entry of Bip Mobile into the Italian mobile market through collusive pressure on the multi-brand point of sales since June 2012. In December 2013, the ICA extended its investigation to possible vertical agreements between Telecom Italia and Wind and their respective multi-brand dealers aimed at excluding competitors, in response to which Telecom Italia and Wind proposed certain undertakings.

On 29 December 2014, the ICA closed the investigation making mandatory the undertakings proposed by Wind and Telecom Italia in respect of the alleged vertical agreements, and without ascertaining any infringement by, or imposing any sanction on, Wind.

Conclusion of Withholding Tax Audits

In December 2013, the Agenzia delle Entrate ("ADE") (the Italian tax authority) issued a tax assessment against Wind relating to non-application of withholding taxes in connection with its 2005 senior credit facilities (the "SCF Audit"). In the same month, the Guardia di Finanza (the Italian tax police), issued a report challenging the non-application of withholding taxes in connection with a 2006 PIK loan (the "PIK Audit").

On 19 May 2014, WAHF settled the PIK Audit by agreeing to pay the sum of €84 million (approximately USD 115) to the ADE (€7 million to be paid on 20 May 2014 and the balance payable in quarterly instalments over three years).

On 22 May 2014, Wind settled the SCF Audit by agreeing to pay the sum of €62 million (approximately USD 85) to the AdE (€5 million to be paid on 22 May 2014 and the balance payable in quarterly instalments over three years).

Pursuant to the indemnities contained in the share sale and exchange agreement between the Company and Orascom TMT Investments S.a.r.l. (formerly, Weather Investments II S.a.r.l) ("OTMTI") dated 15 April 2011, the Company will be pursuing reimbursement of a significant portion of both settlements from OTMTI.

General

Contingent tax liabilities

Multinational groups of the size of VimpelCom are exposed to varying degrees of uncertainty related to tax planning changes in tax law and periodic tax audits. VimpelCom accounts for its income taxes on the basis of its own internal analyses, supported by external advice. VimpelCom continually monitors its global tax position, and whenever uncertainties arise, VimpelCom assesses the potential consequences and either accrues the liability or discloses a contingent liability in its financial statements, depending on the strength of the Company's position and the resulting risk of loss.

Other contingencies and uncertainties

In addition to the individual matters discussed above, the Company is also involved in legal proceedings relating to the normal conduct of its business, such as claims for regulatory and employment issues as well as general liability. The Company believes it has provided for all probable liabilities deriving from the normal course of business. The Company does not expect any liability arising from any other of these legal proceedings to have a material effect on the results of operations, liquidity, capital resources or financial position of the Company.

For the ongoing matters described above, where the Company has concluded that the potential loss arising from a negative outcome in the matter cannot be estimated, the Company has not recorded an accrual for the potential loss. However, in the event a loss is incurred, it may have an adverse effect on the results of operations, liquidity, capital resources, or financial position of the Company.

Collateral

Telecom Ventures, a Subsidiary of the Company, has short term deposits as per 31 December 2014 for USD nil (2013: 186) with Standard Chartered Bank as security for the bridge facility provided by the same bank to Bangladesh Digital Communications Ltd. VimpelCom Amsterdam B.V. has pledged cash and cash equivalents as per 31 December 2014 for USD 47 (2013: 47) with Citibank and Crédit Agricole as security for the Hermes loans of OTA. B.V. VimpelCom Finance S. à r.l. has a pledged short term deposits as per 31 December 2014 for USD 20 (2013: 20) with ANZ Bank as security for the loan provided by the same bank to VimpelCom Lao Ltd.

27. Events after the reporting period

Sale of 51% shareholding in Orascom Telecom Algeria (OTA) and settlement of disputes with the Algerian State

On 30 January 2015, the Company together with its subsidiary, GTH, completed the sale by GTH of a non-controlling 51% interest in OTA to the Fonds National d'Investissement, the Algerian National Investment Fund, for a purchase consideration of USD 2,643 (the "**Transaction**"). As part of the Transaction, the Company and GTH settled the disputes with the Algerian Government, and received a pre-closing dividend of USD 1,803 paid by OTA. See Notes 6 and 26 for details of the transaction.

Sale of majority stake in Wind tower subsidiary to Abertis Telecom

On 27 February 2015, the Company's fully owned subsidiary WIND Telecomunicazioni S.p.A. ("**WIND**") entered into a definitive agreement for the sale of 90% of the shares of WIND's fully owned subsidiary Galata S.p.A. ("**Galata**") to Abertis Telecom Terrestre SAU ("**Abertis Telecom**") for a total cash consideration of EUR 693 million (approximately USD 737 as of 12 March 2015). Galata is a tower business consisting of 7,377 towers together with the relevant functions, employees and related contracts.

Upon the transaction closing, which is expected to occur in the near future, Abertis Telecom will own 90% of the share capital of Galata while WIND will retain a 10% stake. WIND has a Tower Services Agreement for an initial term of 15 years with Galata for the provision of a broad range of services on the contributed sites and sites subsequently built by Galata hosting WIND equipment.

VimpelCom Amsterdam B.V. cash tender offer for OJSC VimpelCom and VimpelCom Holdings B.V. U.S. dollar notes

On 2 March 2015, VimpelCom Amsterdam B.V. announced that it commenced a cash tender offer for up to USD 2,100 aggregate principal amount of the outstanding U.S. dollar notes issued by VimpelCom Holdings B.V. and loan participation notes issued by VIP Finance Ireland and UBS (Luxembourg) S.A. for the sole purpose of funding loans to OJSC Vimpelcom. The total outstanding amount of these bonds is USD 6,700. The tender offer expires on March 30, 2015 and settlement is expected to take place on April 2, 2015.

The Early Tender period expired on 13 March 2015, and at that date, bonds were validly tendered and will be accepted for the following amounts:

<u>Borrower</u>	<u>Interest rate</u>	<u>Outstanding principal amount</u>	<u>Maturity date</u>	<u>Principal amount validly tendered</u>	<u>Total consideration in USD⁽¹⁾</u>	<u>Tender amount</u>
OJSC VimpelCom	6.493%	USD 500	2 February 2016	USD 235	USD 1,028.75	USD 242
OJSC VimpelCom	8.25%	USD 600	23 May 2016	USD 334	USD 1,047.50	USD 350
OJSC VimpelCom	9.125%	USD 1,000	30 April 2018	USD 499	USD 1,050.00	USD 524
OJSC VimpelCom	7.748%	USD 1,000	2 February 2021	USD 349	USD 960.00	USD 335
VimpelCom Holdings B.V.	6.2546%	USD 500	1 March 2017	USD 151	USD 997.50	USD 151
VimpelCom Holdings B.V.	7.5043%	USD 1,500	1 March 2022	USD 191	USD 937.50	USD 179
VimpelCom Holdings B.V.	5.20%	USD 600	13 February 2019	USD 29	USD 907.50	USD 26
VimpelCom Holdings B.V.	5.95%	USD 1,000	13 February 2023	USD 17	USD 837.50	USD 14
Total		USD 6,700		USD 1,805		USD 1,821

(1) Per USD 1,000 principal amount of Notes validly tendered at or prior to the Early Tender Time and accepted for purchase. Does not include accrued interest, which will be paid on Notes accepted for purchase.

OJSC VimpelCom

On 2 March 2015, Sberbank informed OJSC VimpelCom of an increase in fixed interest rates (from between 9.00% and 10.75% to between 14.50% and 16.25% with effect from 1 June 2015) in accordance with the terms of the credit facility agreements between OJSC VimpelCom and Sberbank. The increase in interest rates would apply to three loans from Sberbank with a total principal amount outstanding of RUB 89,060 million (approximately USD 1,454 million as of 2 March 2015). The actual amount of any increase in interest rates is subject to discussion between the parties.

On 5 March 2015, OJSC VimpelCom announced a new coupon rate (annual interest of 10.00%) on its RUB bonds for RUB 25,000 million (approximately USD 404 as of 5 March 2015) maturing on 8 March 2022 (subject to an investor put option at 17 March 2015, which option was exercised for 99% of the outstanding principal amount) and for RUB 10,000 million (approximately USD 162 as of 5 March 2015) maturing on 14 March 2022 (subject to an investor put option at 23 March 2015, of which the preliminary results are that all investors have exercised this option, subject to final confirmation on 26 March 2015). The new coupon rate of 10.00% is applicable to next four coupon periods (next two years).

WIND refinancing

On 12 March 2015, WIND Telecomunicazioni S.p.A. and Wind Acquisition Finance S.A. announced the refinancing transaction of the existing Senior Facility Agreement (“SFA”) with an outstanding principal amount of EUR 1,782 million (approximately USD 1,895 as of 12 March 2015) and the existing Revolving Credit Facility of EUR 600 million (approximately USD 638 as of 12 March 2015), under which EUR 200 million (approximately USD 213 million as of 12 March 2015) was drawn as of that date. The settlement will take place on 30 March 2015. The existing SFA will be partially prepaid by applying EUR 500 million (approximately USD 532 million as of 12 March 2015) of the proceeds from the sale of a 90% stake in its tower subsidiary Galata to Abertis Telecom for EUR 693 million (approximately USD 737 as of 12 March 2015). Furthermore, EUR 775 million (approximately USD 824 as of 12 March 2015) Senior Secured Notes will be issued by Wind Acquisition Finance S.A. and EUR 700 million (approximately USD 744 as of 12 March 2015) will be borrowed under a term loan as part of the new amended and restated SFA.

The new Senior Secured Notes to be issued by Wind Acquisition Finance S.A. are EUR 375 million (approximately USD 399 as of 12 March 2015) 4.00% Euro denominated Senior Secured Notes due 2020, issued at a price of 101.25% and EUR 400 million (approximately USD 425 as of 12 March 2015) 3 month Euribor + 4.125% Euro denominated Senior Secured Notes due 2020 (together, the “2020 Notes”). The 2020 Notes are guaranteed by Wind Telecomunicazioni S.p.A. The maturity date of the 2020 Notes is July 15, 2020.

The term loan under the amended and restated SFA bears interest at a rate of EURIBOR + 4.25% and the maturity date is November 26, 2019. In addition, a new Revolving Credit Facility (“RCF”) is agreed with a group of banks under the amended and restated SFA for a total amount of €400 million (approximately US\$425 million as of March 12, 2015). Any future drawdowns under this RCF will bear interest at a rate of EURIBOR + 4.25% and the maturity date is November 26, 2019. The amended and restated SFA will no longer have maintenance-based financial covenants. In the event that more than 35% of the RCF commitments are drawn, the Total Net Debt/EBITDA ratio at the quarterly testing period must be below 7.25x based on the consolidated numbers for WIND Telecomunicazioni S.p.A.

Kyivstar awarded Ukraine 3G license

On 25 February 2015, Kyivstar, an indirect subsidiary of the Company, its wholly owned and market leading subsidiary in Ukraine, has been awarded one of three licenses to provide nationwide 3G services in the 2100 Mhz band for a price of UAH 2.7 billion (approximately USD 96 as of 25 February 2015).

Devaluation of local currencies

Since 1 January 2015, several currencies exhibited abnormal devaluation against the U.S. dollar. In particular, between 1 January 2015 and 20 March 2015, the Russian ruble, the Euro, the Ukrainian hryvnia and the Algerian dinar depreciated against the U.S. dollar by 6%, 11%, 32% and 9%, respectively. See Note 5 for more details on foreign currency sensitivities.

Amsterdam, 24 March 2015

VimpelCom Ltd.

AGREEMENT TO FURNISH INSTRUMENTS RELATING TO LONG-TERM DEBT

Andrew Davies
Group Chief Financial Officer
VimpelCom Ltd.
The Rock Bld.
Claude Debussylaan 88
1082 MD Amsterdam
The Netherlands
Tel: + 31 20 797 7200
Fax: +31 20 797 7201

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
United States of America

March 24, 2015

Re: VimpelCom Ltd. Annual Report on Form 20-F for the fiscal year ended December 31, 2014 File No. 001-468091

Dear Sirs:

Except as filed in exhibits to the Annual Report on Form 20-F of VimpelCom Ltd. (the “Company”), neither the Company nor any of its consolidated subsidiaries has outstanding any instrument with respect to its long-term debt under which the total amount of securities authorized exceeds 10% of the total assets of the Company and its subsidiaries on a consolidated basis as of December 31, 2014. In accordance with paragraph 2(b)(i) of the Instructions as to Exhibits on Form 20-F, the Company hereby agrees to furnish to the Securities and Exchange Commission, upon request, a copy of any instrument that defines the rights of holders of long-term debt issued by the Company or any of its consolidated subsidiaries.

Very truly yours,

VimpelCom Ltd.

By: /s/ Andrew Davies

Name: Andrew Davies

Title: Group Chief Financial Officer

WIND ACQUISITION FINANCE S.A.

as Issuer

WIND TELECOMUNICAZIONI S.P.A.

as Guarantor

DEUTSCHE BANK TRUST COMPANY AMERICAS

as Trustee

DEUTSCHE BANK AG, LONDON BRANCH

as Principal Paying Agent and Calculation Agent

DEUTSCHE BANK TRUST COMPANY AMERICAS

as U.S. Paying Agent, U.S. Registrar and U.S. Transfer Agent

and

DEUTSCHE BANK LUXEMBOURG S.A.

as Luxembourg Listing Agent, Luxembourg Paying Agent, Transfer Agent and Registrar

INDENTURE

Dated as of July 10, 2014

4% Senior Secured Notes Due 2020
4¾% Senior Secured Notes Due 2020
Floating Rate Senior Secured Notes Due 2020

This Indenture is entered into with the benefit of and subject to the terms of the Priority Agreement (as defined herein). The rights and benefits of Senior Secured Notes Creditors (as defined in the Priority Agreement) are limited by and subject to the terms of the Priority Agreement. The Senior Facilities Creditors and Hedging Banks (each as defined in the Priority Agreement), acting through agents or trustees, have third party beneficiary rights in respect of such statements.

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Exhibit F	FORM OF CEO/CFO SOLVENCY CERTIFICATE

INDENTURE dated as of July 10, 2014 by and among Wind Acquisition Finance S.A., a public limited liability company (*société anonyme*) organized and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 18-20, Rue Edward Steichen, L-2540 Luxembourg and registered with the Luxembourg trade and companies register under number B109.825, as Issuer. WIND Telecomunicazioni S.p.A., a joint stock company organized as a *società per azioni* under the laws of the Republic of Italy and subject to the direction and coordination of VimpelCom Limited, as Guarantor, Deutsche Bank Trust Company Americas, as Trustee, Deutsche Bank AG, London Branch as Principal Paying Agent and Calculation Agent, Deutsche Bank Trust Company Americas, as U.S. Paying Agent, U.S. Registrar and U.S. Transfer Agent and Deutsche Bank Luxembourg S.A., as Luxembourg Listing Agent, Luxembourg Paying Agent, Transfer Agent and Registrar.

The Issuer and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined below) of the U.S. dollar-denominated 4^{3/4}% Senior Secured Notes due 2020 (the “*Fixed Rate Dollar Notes*”), the euro-denominated 4% Senior Secured Notes due 2020 (the “*Fixed Rate Euro Notes*”) and the euro-denominated Floating Rate Senior Secured Notes due 2020 (the “*Floating Rate Notes*” and, together with the Fixed Rate Dollar Notes and the Fixed Rate Euro Notes, the “*Notes*”) and the Holders of any Additional Notes (as defined below).

ARTICLE 1
DEFINITIONS AND INCORPORATION
BY REFERENCE

Section 1.01 *Definitions.*

“*144A Fixed Rate Dollar Global Note*” means a Global Note bearing the Global Note Legend and the Private Placement Legend deposited with the Custodian and registered in the name of Cede & Co., as nominee for DTC, that will be issued in an initial amount equal to the principal amount of the Fixed Rate Dollar Notes sold in reliance on Rule 144A.

“*144A Fixed Rate Euro Global Note*” means a Global Note bearing the Global Note Legend and the Private Placement Legend and deposited with and registered in the name of, BT Globenet Nominees Limited as nominee for Euroclear and Clearstream that will be issued in an initial amount equal to the principal amount of the Fixed Rate Euro Notes sold in reliance on Rule 144A.

“*144A Floating Rate Global Note*” means a Global Note bearing the Global Note Legend and the Private Placement Legend and deposited with and registered in the name of, BT Globenet Nominees Limited as nominee for Euroclear and Clearstream that will be issued in an initial amount equal to the principal amount of the Floating Rate Notes sold in reliance on Rule 144A.

“*144A Global Note*” means the 144A Fixed Rate Dollar Global Note, the 144A Fixed Rate Euro Global Note and the 144A Floating Rate Global Note.

“*2013 Indenture*” means that certain indenture, dated as of April 19, 2013 and as amended or waived from time to time, by and between, among others, the Issuer, Wind, as guarantor, Deutsche Bank Trust Company Americas, as trustee, U.S. paying agent, U.S. registrar and transfer agent, Deutsche Bank AG, London Branch, as principal paying agent and calculation agent and Deutsche Bank Luxembourg S.A., as Luxembourg listing agent, transfer agent and registrar.

“*2013 Indenture Senior Secured Notes*” means the Issuer’s €150,000,000 Senior Secured Floating Rate Notes due 2019 and \$550,000,000 6 ½% Senior Secured Fixed Rate Notes due 2020 issued under the 2013 Indenture.

“*2013 Intercompany Loan*” means the loans from the Issuer to Wind dated as of April 29, 2013 and all loans directly or indirectly replacing or refinancing such loan(s) or any portion thereof.

“2014 HY Senior Notes” means the Issuer’s \$2,800,000,000 7¾% Senior Notes due 2021 and €1,750,000,000 7% Senior Notes due 2021 issued under the 2014 HY Senior Notes Indenture.

“2014 HY Senior Notes Indenture” means that certain indenture, dated as of April 23, 2014 and as amended or waived from time to time, by and between, among others, the Issuer, Wind, as guarantor, BYN Mellon Corporate Trustee Services Limited, as trustee, The Bank of New York Mellon, as U.S. paying agent, The Bank of New York Mellon, London Branch, as principal paying agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg listing agent, transfer agent, Luxembourg paying agent and registrar.

“2014 HY Senior Notes Collateral” means the assets that constitute “HY Notes Security” as defined in the Priority Agreement or in any Additional Priority Agreement.

“2014 Intercompany Loans” means the loans from the Issuer to Wind dated as of April 23, 2014 and all loans directly or indirectly replacing or refinancing such loan(s) or any portion thereof.

“Acquired Debt” means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged, consolidated, amalgamated or otherwise combined with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging, consolidating, amalgamating or otherwise combining with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Acquisition Documents Rights Pledge Agreements” means the agreements entered into from time to time relating to the pledge or assignment by way of security of rights under the Share Purchase Agreement and the Put and Call Option Agreement granted to the Security Agent.

“Additional Fixed Rate Dollar Notes” means additional Fixed Rate Dollar Notes (other than the Initial Fixed Rate Dollar Notes) issued under this Indenture in accordance with Section 2.02 and 2.12 hereof, as part of the same series as the Initial Fixed Rate Dollar Notes.

“Additional Fixed Rate Euro Notes” means additional Fixed Rate Euro Notes (other than the Initial Fixed Rate Euro Notes) issued under this Indenture in accordance with Section 2.02 and 2.12 hereof, as part of the same series as the Initial Fixed Rate Euro Notes.

“Additional Floating Rate Notes” means additional Floating Rate Notes (other than the Initial Floating Rate Notes) issued under this Indenture in accordance with Section 2.02 and 2.12 hereof, as part of the same series as the Initial Floating Rate Notes.

“Additional Notes” means any Additional Fixed Rate Dollar Notes, Additional Fixed Rate Euro Notes and Additional Floating Rate Notes.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise and the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“Agent” means any Registrar, co-registrar, Calculation Agent, Transfer Agent, Authenticating Agent, Paying Agent or additional paying agent.

“*Applicable Dollar Note Premium*” means, as calculated by the Issuer, with respect to any Dollar Note on any redemption date applicable to the redemption of such Dollar Note, the greater of:

- (1) 1.0% of the principal amount of the Dollar Note; or
- (2) the excess of:
 - (a) the present value at such redemption date of (i) the redemption price of the Dollar Note at July 15, 2016 (such redemption price being set forth in the table in Section 3.07(c) and being calculated exclusive of accrued and unpaid interest and Additional Amounts), *plus* (ii) all required interest payments due on the Dollar Note through July 15, 2016 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; *over*
 - (b) the principal amount of the Dollar Note, if greater.

“*Applicable Euro Note Premium*” means, as calculated by the Issuer, with respect to any Fixed Rate Euro Note on any redemption date applicable to the redemption of such Fixed Rate Euro Note, the greater of:

- (1) 1.0% of the principal amount of the Fixed Rate Euro Note; and
- (2) the excess of:
 - (a) the present value at such redemption date of (i) the redemption price of the Fixed Rate Euro Note at July 15, 2016 (such redemption price being set forth in the table in Section 3.07(c) and being calculated exclusive of accrued and unpaid interest and Additional Amounts) *plus* (ii) all required interest payments due on the Fixed Rate Euro Note through July 15, 2016 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; *over*
 - (b) the principal amount of the Fixed Rate Euro Note, if greater.

“*Applicable Floating Rate Note Premium*” means, as calculated by the Issuer, with respect to any Floating Rate Note on any redemption date applicable to the redemption of such Floating Rate Note, the greater of:

- (1) 1.0% of the principal amount of the Floating Rate Note; and
- (2) the excess of:
 - (a) the present value at such redemption date of (i) the redemption price of the Floating Rate Note at July 15, 2015 (such redemption price being set forth in the table in Section 3.07(c) and being calculated exclusive of accrued and unpaid interest and Additional Amounts) *plus* (ii) all required interest payments due on the Floating Rate Note through July 15, 2015 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points and assuming that the rate of interest on the Floating Rate Notes from the redemption date through July 15, 2015 will equal the rate of interest on the Floating Rate Notes in effect on the applicable redemption date; *over*
 - (b) the principal amount of the Floating Rate Note, if greater.

“*Applicable Premium*” means, (1) with respect to a Fixed Rate Euro Note, the Applicable Euro Note Premium, and (2) with respect to a Fixed Rate Dollar Note, the Applicable Dollar Note Premium.

“*Applicable Procedures*” means, with respect to any transfer or exchange of or for Book-Entry Interests in any Global Note, the procedures of DTC, Euroclear and Clearstream that apply to such transfer or exchange.

“*April 2014 Refinancing Transactions*” has the meaning assigned to that term in the Offering Memorandum.

“*Asset Acquisition Transaction*” means a transaction pursuant to which Wind or one of its Restricted Subsidiaries acquires assets either directly or indirectly after the acquisition of such assets by the Parent and the subsequent transfer of such assets from the Parent to Wind or one or more of its Restricted Subsidiaries.

“*Asset Sale*” means:

- (1) the sale, lease, conveyance or other disposition of any assets or rights; and
- (2) the issuance of Equity Interests in any of Wind’s Restricted Subsidiaries or the sale of Equity Interests in any of its Subsidiaries,

provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of Wind and its Restricted Subsidiaries taken as a whole will be governed by the provisions of Section 4.15 and/or Section 5.01 and not by the provisions of Section 4.10.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than €25.0 million;
- (2) a transfer of assets between or among Wind and its Restricted Subsidiaries;
- (3) an issuance, sale or other disposition of Equity Interests by a Restricted Subsidiary of Wind to Wind or to a Restricted Subsidiary of Wind;
- (4) the sale, lease, conveyance or other dispositions of products, services, equipment, inventory or accounts receivable in the ordinary course of business and any sale or other disposition of damaged, worn-out, surplus or obsolete assets in the ordinary course of business;
- (5) the sale or other disposition of cash or Cash Equivalents;
- (6) a Restricted Payment that does not violate Section 4.07 or a Permitted Investment (including any amendment, modification or supplement, including any waiver, set off or discharge (including by way of exchange, sale or substitution), by Wind or any Restricted Subsidiary of any arrangement connected to the Wind Telecom Loan provided that no actual transfer of cash may be made by Wind or any Restricted Subsidiary as part of such arrangement);
- (7) the foreclosure, condemnation or similar action with respect to property or other assets, including the sale or disposition of any assets or property received as a result of a foreclosure by Wind or any of its Restricted Subsidiaries on any secured Investment or any other transfer of title with respect to any secured Investment in default;
- (8) the disposition or abandonment of intellectual property of Wind or any Restricted Subsidiary, in each case, that is no longer economically practicable to maintain or is no longer used or useful in the ordinary course of the business of Wind or any Restricted Subsidiary;
- (9) the grant of licenses to intellectual property rights to third parties (other than Affiliates of Wind or any of its Restricted Subsidiaries) on an arm’s length basis in the ordinary course of business;
- (10) dispositions constituting Liens permitted to be incurred under this Indenture (but not, for the avoidance of doubt, a foreclosure on, a Lien);
- (11) the issuance or sale of securities constituting Preferred Stock that is issued by a Subsidiary in a transaction permitted by Section 4.09;
- (12) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Issuer, Wind or any Restricted Subsidiary of Wind to such Person) related to such assets;

(13) the lease, assignment or sublease of any real or personal property in the ordinary course of business; and

(14) sales or dispositions of receivables in connection with any Qualified Receivables Financing.

“*Bankruptcy Law*” means (a) Title 11 of the U.S. Code or (b) any other law of the United States (or any political subdivision thereof), Italy (or any political subdivision thereof), Luxembourg (or any political subdivision thereof) or the laws of any other jurisdiction or any political subdivision thereof relating to bankruptcy, insolvency, winding up, liquidation, reorganization or relief of debtors (including, without limitation, in relation to Luxembourg and any corporate entity incorporated under the laws of Luxembourg, bankruptcy (*faillite*), its judicial liquidation (*liquidation judiciaire*), composition with creditors (*concordat préventif de la faillite*), reprieve from payment (*sursis de paiement*) or controlled management (*gestion contrôlée*).

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“*Board of Directors*” means:

(1) with respect to a corporation, the board of directors (or analogous governing body) of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members (or analogous governing body) or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board of directors (or analogous governing body) or committee of such Person serving a similar function.

“*Book Entry Interest*” means one or more Euro Book Entry Interests and Dollar Book Entry Interests.

“*Bund Rate*” means, with respect to any relevant date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) “*Comparable German Bund Issue*” means (i) for the purposes of the Applicable Euro Rate Note Premium, the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to July 15, 2016, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to July 15, 2016; provided, however, that, if the period from such redemption date to July 15, 2016, is less than one year, a fixed maturity of one year shall be used; and (ii) for the purposes of the Applicable Floating Rate Note Premium, the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to July 15, 2015, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to July 15, 2015; provided, however, that, if the period from such redemption date to July 15, 2015, is less than one year, a fixed maturity of one year shall be used;

(2) “*Comparable German Bund Price*” means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) “*Reference German Bund Dealer*” means any dealer of German Bundesanleihe securities appointed by the Issuer; and

(4) “*Reference German Bund Dealer Quotations*” means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third business day in Frankfurt preceding the relevant date.

“*Business Day*” means a day (other than Saturday or Sunday) on which banks and financial institutions are open in New York, Luxembourg and London.

“*Calculation Agent*” means an agent appointed by the Issuer to calculate the interest rate payable on the Floating Rate Notes in respect of each interest period, which shall initially be Deutsche Bank AG, London Branch.

“*Capital Lease Obligation*” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“*Capital Markets Debt*” means any Indebtedness that is not Non-Public Debt.

“*Capital Stock*” means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“*Cash Distribution*” means a cash distribution or dividend out of distributable reserves, including the share premium reserve, or loan to the Parent to effect the April 2014 Refinancing Transactions plus an aggregate amount equal to (without double counting) associated transaction costs, fees (including consent fees), expenses, stamp duty or other similar taxes, call premium, accrued but unpaid interest (including payment of accrued and unpaid interest through July 15, 2014 and the pre-payment premium thereon to the extent not otherwise included thereon).

“*Cash Equivalents*” means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union

(including any agency or instrumentality thereof) or of the United States of America (including any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the Pre-Expansion European Union or the United States of America, as the case may be, and which are not callable or redeemable at the issuer's option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the Pre-Expansion European Union or of the United States of America or any state thereof; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of €250 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-3" or higher by Moody's or "A-" or higher by S&P or the equivalent rating category of another internationally recognized rating agency;

(3) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having at the time of acquisition one of the two highest ratings obtainable from Moody's or S&P or the equivalent rating category of another internationally recognized rating agency and, in each case, maturing within one year after the date of acquisition;

(5) securities maturing not more than one year after the date of acquisition issued by, or unconditionally guaranteed by, the government of any state, commonwealth or territory (including any agency or instrumentality thereof) of any member state of the Pre-Expansion European Union or of the United States of America, the payment of which is backed by the full faith and credit of the relevant state, commonwealth or territory and which is rated "P-2" (or, if such ratings categories are changed, the substantially equivalent ratings) or higher by to Moody's or "A-1" (or, if such ratings categories are changed, the substantially equivalent ratings) or higher by to S&P's or the equivalent rating category of another internationally recognized rating agency; and

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of Wind and its Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d) of the Exchange Act) other than a Permitted Holder and/or a Related Party of a Principal;

(2) the adoption of a plan for the liquidation or dissolution of the Issuer or Wind;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d) of the Exchange Act), other than a Permitted Holder and/or any of its Related Parties, becomes the Beneficial Owner, directly or indirectly of more than 50% of the Voting Stock of Wind, measured by voting power rather than number of shares;

(4) if at any time (a) the Issuer shall not constitute a direct Restricted Subsidiary of Wind or (b) Wind shall fail to directly own all of the Capital Stock of the Issuer directly owned by Wind on the Issue Date or acquired by Wind after the Issue Date other than in a transaction that complies with Section 5.01; or

(5) after an initial public offering of Wind or any Parent Holdco of Wind, the first day on which a majority of the members of the Board of Directors of Wind are not Continuing Directors.

provided that, in the case of the preceding clauses (1), (3) and (5), a Change of Control shall not be deemed to have occurred if such Change of Control is a Specified Change of Control Event.

“*Clearstream*” means Clearstream Banking, S.A.

“*Collateral*” means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the Obligations under this Indenture, the Notes and/or any Note Guarantee.

“*Commission*” means the U.S. Securities and Exchange Commission.

“*Common Depositary*” means Deutsche Bank AG, London Branch.

“*Consolidated Cash Flow*” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(1) an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*

(2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(3) the Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income, and Receivables Fees; *plus*

(4) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it (a) represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period or (b) is an Identified Non-Cash Expense) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses (including any Identified Non-Cash Expenses) were deducted in computing such Consolidated Net Income; *plus*

(5) the cumulative effect of a change in accounting principles; *plus*

(6) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards; *plus*

(7) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness; *plus*

(8) any goodwill or other intangible asset impairment charge; *minus*

(9) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash expenses (including any Identified Non-Cash Expenses) of, such specified Person or any Restricted Subsidiary of such specified Person will be added to Consolidated Net Income to compute Consolidated Cash Flow of any such Person only to the extent (and in the same proportion) that the Net Income of such Restricted Subsidiary was included in the calculation of Consolidated Net Income.

“*Consolidated Leverage*” means, with respect to any Person as of any date of determination, the sum without duplication of (1) the total amount of Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis, *plus* (2) an amount equal to the greater of the liquidation preference or the maximum fixed

redemption or repurchase price of all Disqualified Stock of such Person and all Preferred Stock of Restricted Subsidiaries of such Person (but not giving effect to any additional Indebtedness to be incurred on the date of determination as part of the same transaction or series of transactions pursuant to Section 4.09(b) other than any such additional Indebtedness incurred under clause (xiv) of Section 4.09(b), for purposes of calculating the Consolidated Leverage Ratio pursuant to either (a) the definition of a Specified Change of Control Event, or (b) clause (xv) of Section 4.07(b), the incurrence of which is itself subject to the Consolidated Leverage Ratio); *provided* that, solely for purposes of calculating the Consolidated Leverage Ratio for purposes of (a) clause (xiv) of the definition of Permitted Debt or (b) the definition of Specified Change of Control Event, the Consolidated Leverage shall be calculated by deducting from the Consolidated Leverage the amount of cash and cash equivalents (other than cash or cash equivalents received upon the incurrence of Indebtedness by such Person or any of its Restricted Subsidiaries and not immediately or subsequently applied or used for any purpose not prohibited by this Indenture) that would be stated on the balance sheet of such Person and its Restricted Subsidiaries as of such date in accordance with IFRS; *provided further*, in all cases, to the extent any amount is irrevocably held by a note trustee or escrow agent for application by it against any Indebtedness on a designated repayment date then, to the extent such amount does not constitute cash, for the purposes of this definition only, such amount shall be treated as cash and Cash Equivalents.

“*Consolidated Leverage Ratio*” means, with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Leverage of such Person on such date to (b) the Consolidated Cash Flow of such Person for the four most recent full fiscal quarters ending immediately prior to such date for which financial statements are available; *provided, however*, that for purposes of calculating the Consolidated Cash Flow for such period:

- (1) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of a business that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the four quarter reference period or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the “*Calculation Date*”) (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio) will be given *pro forma* effect as if they had occurred on the first day of the four quarter reference period;
- (2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio), will be excluded;
- (3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period; and
- (4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to an Asset Sale, Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated Cash Flow associated therewith, the *pro forma* calculation (which may include anticipated expense and cost reduction synergies) shall be determined in good faith by a responsible financial or accounting Officer of Wind. In determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge or Indebtedness on such date.

“*Consolidated Net Income*” means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS; *provided* that:

(1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under Section 4.07(a)(iii)(A), the Net Income of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its shareholders; *provided, however*, that the Net Income of any Restricted Subsidiary of the specified Person subject to any such restriction shall not be excluded to the extent such restriction is permitted pursuant to Section 4.08(b)(i), (ii), (iii), (iv), (viii) or (ix) or such restriction has been waived or otherwise released, *provided further*, that the specified Person’s equity in the Net Income of any such Restricted Subsidiary for such period will be included in the calculation of Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the specified Person or another Restricted Subsidiary of the specified Person as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary of the specified Person, to the limitation contained in this clause);

(3) the cumulative effect of a change in accounting principles will be excluded;

(4) any capitalized interest on Subordinated Shareholder Debt of Wind will be excluded;

(5) the impact of any Refinancing Transactions and the costs related thereto (including, but limited to fees (legal, accounting, agency or otherwise), consent fees, issue discount and hedging costs) incurred in connection with the Refinancing Transactions (but, for the avoidance of doubt, excluding the nominal interest accrued or paid on the principal amount of Indebtedness raised in such Refinancing Transactions and the Credit Agreement) will be excluded; and

(6) notwithstanding clause (1) above, the Net Income of any Unrestricted Subsidiary will be excluded, whether or not distributed to the specified Person or one of its Subsidiaries.

“*Consolidated Senior Secured Net Leverage*” means, with respect to any Person as of any date of determination, (1) the sum without duplication of the total amount of Senior Secured Debt of such Person and its Restricted Subsidiaries on a consolidated basis, *less* (2) the amount of cash and cash equivalents (other than cash or cash equivalents received upon the incurrence of Indebtedness by such Person or any of its Restricted Subsidiaries and not immediately or subsequently applied or used for any purpose not prohibited by this Indenture) that would be stated on the balance sheet of such Person and its Restricted Subsidiaries as of such date in accordance with IFRS; *provided* that, in all cases, to the extent any amount is irrevocably held by a note trustee or escrow agent for application by it against any Indebtedness on a designated repayment date then, to the extent such amount does not constitute cash, for the purposes of this definition only, such amount shall be treated as cash and Cash Equivalents.

“*Consolidated Senior Secured Leverage Ratio*” means, with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Senior Secured Net Leverage of such Person on such date to (b) the Consolidated Cash Flow of such Person for the four most recent full fiscal quarters ending immediately prior to such date for which financial statements are available; *provided, however*, that for purposes of calculating the Consolidated Cash Flow for such period:

(1) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of a business that have been made by the specified Person or any of its Restricted Subsidiaries, including

through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the four quarter reference period or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (the “*Calculation Date*”) (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio) will be given *pro forma* effect as if they had occurred on the first day of the four quarter reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Senior Secured Leverage Ratio), will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to an Asset Sale, Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated Cash Flow associated therewith, the *pro forma* calculation (which may include anticipated expense and cost reduction synergies) shall be determined in good faith by a responsible financial or accounting Officer of Wind. In determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge or Indebtedness on such date.

“*Consolidated Total Assets*” means the consolidated total assets of Wind and its Restricted Subsidiaries as shown on the consolidated balance sheet of Wind prepared in accordance with, and as provided for by, IFRS.

“*Continuing Directors*” means, as of any date of determination, any member of the Board of Directors of Wind who:

(1) was a member of such Board of Directors on the date of this Indenture; or

(2) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or appointment, or was designated or appointed by a Permitted Holder and/or any Related Parties.

“*Corporate Reorganization Transactions*” shall have the meaning assigned to such term in the Offering Memorandum under the caption “*Definitions*” which for the avoidance of doubt includes the Issuer Expansion Activities and the Issuer Distribution.

“*Credit Agreement*” means that certain agreement, dated November 26, 2010 and as amended and/or restated from time to time, relating to credit facilities for Wind arranged by the financial institutions named therein with The Royal Bank of Scotland plc, Milan Branch as facility agent and security agent, including any related notes, bonds, debentures, guarantees, collateral documents, instruments, indenture, trust deed and agreements executed in connection therewith, and, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced in whole or in part from time to time without limitation as to amount outstanding or committed, the identity of the lenders or investors, or the maturity, terms, conditions, covenants or other provisions thereof in accordance with Section 4.09.

“*Credit Agreement Agent*” means the Facility Agent, as defined in the Credit Agreement.

“*Credit Agreement Business Day*” shall have the meaning assigned to the term “Business Day” in the Credit Agreement.

“*Credit Facilities*” means one or more debt facilities (including, without limitation, debt facilities made available under, or in accordance with, the Credit Agreement) or commercial paper facilities or indentures (including, for the avoidance of doubt, the Floating Rate Notes issued under this Indenture on the Issue Date) or trust deeds or note purchase agreements, in each case, with banks or other institutional lenders or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to other entities formed to borrow from such lenders against such receivables) letters of credit, bonds, notes, debentures or other corporate debt instruments, in each case, as amended, extended, restated, modified, supplemented, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time by one or more credit agreements or debt facilities (and whether or not with the parties to the Credit Agreement) without limitation as to amount outstanding or committed, the identity of the lenders or investors, or the maturity, terms, conditions, covenants or other provisions thereof.

“*Credit Support Assets*” means, collectively, (1) the Collateral and (2) any asset of Wind and Wind’s other Restricted Subsidiaries (other than assets that constitute Collateral) subject to a Lien securing the Obligations under the Credit Facilities (including, pursuant to a “*privilegio speciale*” and a pledge over intellectual property rights of Wind).

“*Currency Exchange Protection Agreement*” means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

“*Custodian*” means, with respect to the Fixed Rate Dollar Global Notes, Deutsche Bank Trust Company Americas, and any and all successors thereto appointed as Custodian hereunder and having become such pursuant to the applicable provision of this Indenture.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“*Definitive Registered Note*” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Sections 2.06, 2.07 and 2.09, substantially in the form of **Exhibit A** hereto and bearing the Private Placement Legend, except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

“*Designated Non-Cash Consideration*” means the Fair Market Value of non-cash consideration received by Wind or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as “Designated Non-Cash Consideration” pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

“*Depository*” means, with respect to the Notes issuable or issued in whole or in part in global form, DTC, in respect of the Dollar Notes, or Euroclear and Clearstream, in respect of the Euro Notes, in each case, including any and all successors thereto appointed as Depository hereunder and having become such pursuant to the applicable provision(s) of this Indenture.

“*Designated Indebtedness*” means (1) any Indebtedness outstanding under the Credit Agreement; and (2) any other Indebtedness permitted under this Indenture, the aggregate principal amount of which is €100.0 million or more (including the amount of all undrawn commitments and matured and contingent reimbursement obligations), in each case, that is designated by Wind in an Officer’s Certificate delivered to the Trustee as “*Designated Indebtedness*” for purposes of this Indenture.

“*Direction and Coordination*” and the expression “*Direct and Coordinate*” shall have the meaning given to the expression “*direzione e coordinamento*” under and for the purpose of Article 2497 *et seq.* of the Italian Civil Code, it being understood, however, that the possible triggering of a *prima facie* presumption under Article 2497 *sexies* as a consequence of the consolidation of the Issuer’s accounts and Wind’s accounts shall in no event constitute “*Direction and Coordination*” for the purposes indicated herein.

“*Director*” means a member of the Board of Directors.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require Wind to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Wind may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that Wind and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

“*dollar*” or “*\$*” means the lawful currency of the United States of America.

“*DTC*” means The Depository Trust Company, a limited-purpose trust company under New York law.

“*Eligible Acquiror*” means:

- (1) any company or corporation:
 - (a) the shares of which are listed upon any “Recognised Investment Exchange” (as defined by the UK Financial Services and Markets Act 2000, as amended or supplemented from time to time), any “Recognised Overseas Investment Exchange” (as defined by the UK Financial Services and Markets Act 2000, as amended or supplemented from time to time) or any “Designated Investment Exchange” (as designated as such by the UK Financial Conduct Authority, or any successor thereto); and
 - (b) which has a Market Capitalization that is equal to or greater than VimpelCom Limited’s Market Capitalization; and
 - (c) which holds (or a Subsidiary of which holds) any licence to provide mobile telephony services in (i) a member state of the European Union, (ii) Canada, (iii) Switzerland and/or (iv) the United States of America; and/or
- (2) any one or more Subsidiaries of a person falling within the preceding clause (1).

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Offering*” means a public or private sale of Capital Stock (other than to Wind or to any of Wind’s Restricted Subsidiaries) (1) that is a sale of Capital Stock of Wind or a Parent Holdco of Wind (other than Disqualified Stock or through Excluded Contributions) other than offerings registered on Form S-8 (or any successor form) under the U.S. Securities Act or any similar offering in other jurisdictions, and (2) if such sale is of the Capital Stock of a Parent Holdco of Wind, the proceeds of which are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock or through Excluded Contributions) of Wind or any of its Restricted Subsidiaries.

“euro” or “€” means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union.

“Euro Equivalent” means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in the *Financial Times* in the “Currency Rates” section (or, if the *Financial Times* is no longer published, or if such information is no longer available in the *Financial Times*, such source as may be selected in good faith by Wind) on the date of such determination. Except as expressly provided otherwise, whenever it is necessary to determine whether Wind or any of its Restricted Subsidiaries have complied with any covenant or other provision in this Indenture or if there has occurred an Event of Default and an amount is expressed in a currency other than euro, such amount will be treated as the Euro Equivalent determined as of the date such amount is initially determined in such non-euro currency.

“Euro MTF Market” means the Euro MTF Market, the alternative market of the Luxembourg Stock Exchange.

“Euro Notes” means the Fixed Rate Euro Notes and the Floating Rate Notes.

“Euro-zone” means the region composed of member states of the European Union that at the relevant time have adopted the euro.

“Euroclear” means Euroclear Bank, S.A./N.V. as operator of the Euroclear system.

“European Union” means the European Union, including any country which is as of the Issue Date, or becomes after the Issue Date, a member of the European Union.

“Excess Proceeds” means any Net Proceeds from an Asset Sale that are not applied or invested as provided, and within the time period set forth, in Section 4.10(b).

“Excluded Contribution” means net cash proceeds received by Wind as capital contributions to Wind after the Issue Date (other than any such cash proceeds, property or assets that are Excluded Amounts) or from the issuance or sale (other than to a Subsidiary) of Capital Stock (other than Disqualified Stock) of Wind or a share capital increase or the incurrence by Wind of Subordinated Shareholder Debt, in each case, to the extent designated as an Excluded Contribution on the date on which such Excluded Contribution was received pursuant to an Officer’s Certificate of Wind.

“Existing Indebtedness” means Indebtedness of Wind and its Subsidiaries (other than Indebtedness under the Credit Agreement and the Floating Rate Notes issued under this Indenture on the Issue Date) in existence on the date of this Indenture, until such amounts are repaid, including, without limitation, Indebtedness under the Fixed Rate Notes issued under this Indenture on the Issue Date, the 2013 Indenture and the 2014 HY Senior Notes Indenture.

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in an arm’s length transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of Wind (unless otherwise provided in this Indenture).

“Finance Company” means the Issuer and any corporation, association or business entity, one of the purposes of which, among other things, is for borrowing funds or issuing securities and lending the proceeds to Wind.

“*Fitch*” means Fitch Ratings.

“*Fixed Charges*” means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; *plus*

(2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Preferred Stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable in Equity Interests of such Person (other than Disqualified Stock) or to such Person or a Restricted Subsidiary of such Person, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, federal, state, regulatory and local (as applicable) statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with IFRS.

Notwithstanding any of the foregoing, Fixed Charges shall not include (i) any interest accrued, capitalized or paid in respect of Subordinated Shareholder Debt, (ii) any commissions, discounts, yield and other fees and charges related to Qualified Receivables Financing and (iii) any payments on any operating leases, including without limitation any payments on any lease, concession or license of property (or guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date.

“*Fixed Rate Dollar Book-Entry Interest*” means a beneficial interest in a Fixed Rate Dollar Global Note held by or through a Participant.

“*Fixed Rate Dollar Definitive Registered Note*” means a Definitive Registered Note in respect of the Fixed Rate Dollar Notes bearing the Private Placement Legend in a minimum principal amount at maturity of \$200,000 and integral multiples of \$1,000 above \$200,000.

“*Fixed Rate Dollar Global Note*” means the 144A Fixed Rate Dollar Global Notes and the Regulation S Fixed Rate Dollar Global Notes.

“*Fixed Rate Dollar Notes*” or “*Dollar Notes*” means the Fixed Rate Dollar Global Notes and the Fixed Rate Dollar Definitive Registered Notes.

“*Fixed Rate Euro Book-Entry Interest*” means a beneficial interest in a Fixed Rate Euro Global Note held by or through a Participant.

“*Fixed Rate Euro Definitive Registered Note*” means a Definitive Registered Note in respect of the Fixed Rate Euro Notes bearing the Private Placement Legend in a principal amount of €100,000 and integral multiples of €1,000 above €100,000.

“*Fixed Rate Euro Global Note*” means the 144A Fixed Rate Euro Global Notes and the Regulation S Fixed Rate Euro Global Notes, collectively.

“*Fixed Rate Euro Notes*” means the Fixed Rate Euro Global Notes and the Fixed Rate Euro Definitive Registered Notes, collectively.

“*Fixed Rate Global Notes*” means the Fixed Rate Dollar Global Note and the Fixed Rate Euro Global Notes.

“*Floating Rate Book-Entry Interest*” means a beneficial interest in a Floating Rate Global Note held by or through a Participant.

“*Floating Rate Definitive Registered Note*” means a Definitive Registered Note in respect of the Floating Rate Notes bearing the Private Placement Legend in a principal amount of €100,000 and integral multiples of €1,000 above €100,000.

“*Floating Rate Global Note*” means the 144A Floating Rate Global Notes and the Regulation S Floating Rate Global Notes, collectively.

“*Floating Rate Notes*” means the Floating Rate Global Notes and the Floating Rate Definitive Registered Notes, collectively.

“*Global Note Legend*” means the legend set forth in Section 2.06(f)(ii), which is required to be placed on all Global Notes issued under this Indenture.

“*Global Notes*” means, individually and collectively, each of the Global Notes, substantially in the form of **Exhibit A** hereto, bearing the Private Placement Legend and the Global Note Legend, issued in accordance with Sections 2.01, 2.06(b), 2.06(d) or 2.06(e).

“*Government Securities*” means securities that are:

(1) issued or directly and fully and unconditionally guaranteed or insured by the United States government, or any agency or instrumentality thereof, the securities of which are unconditionally guaranteed as a full faith and credit obligation of such government; or

(2) issued or directly and fully and unconditionally guaranteed or insured by a member state of the European Union, or any agency or instrumentality thereof, the securities of which are unconditionally guaranteed as a full faith audit obligation of such government;

which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the U.S. Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

“*guarantee*” means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

“*Guarantor*” means each of (1) Wind and (2) any other Person that executes a Note Guarantee in accordance with the provisions of this Indenture and the Priority Agreement.

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements intended to manage interest rates or interest rate risk;
- (3) other agreements or arrangements intended to protect such Person against fluctuations in currency exchange rates or commodity prices; and
- (4) other agreements or arrangements intended to protect such Person against operating exposures (including but not limited to hedging in respect of energy prices and inflation risk).

“*Hedging Receivables Assignment Agreements*” means each of the agreements pursuant to which the Issuer and Wind grants a Lien on any hedging receivables, including the agreement to be entered into on the Issue Date.

“*Holder*” means a Person in whose name a Note is registered in the Register.

“*Identified Non-Cash Expense*” means, with respect to any specified Person for any period, allowances for doubtful accounts expense, provisions for charges related to Universal Service Contributions, other recurring operating accruals and any other similar expenses or charges.

“*IFRS*” means International Financial Reporting Standards promulgated from time to time by the International Accounting Standards Board (or any successor board or agency) and as adopted by the European Union and in effect on the Issue Date, or, with respect to Section 4.03 as in effect from time to time.

“*Indebtedness*” means, with respect to any specified Person, any indebtedness of such Person (excluding (a) accrued expenses and trade payables and (b) Subordinated Shareholder Debt), whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker’s acceptances;
- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed;
- (6) representing any Hedging Obligations; or
- (7) representing the maximum fixed purchase price of Disqualified Stock,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term “Indebtedness” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person.

“*Indenture*” means this indenture, as it may be amended, modified or supplemented from time to time.

“*Indirect Participant*” means a Person who holds a Book-Entry Interest in a Global Note through a Participant.

“*Initial Fixed Rate Dollar Notes*” means the first \$1,900,000,000 aggregate principal amount of Fixed Rate Dollar Notes issued under this Indenture on the date hereof.

“*Initial Fixed Rate Euro Notes*” means the first €2,100,000,000 aggregate principal amount of Fixed Rate Euro Notes issued under this Indenture on the date hereof.

“*Initial Floating Rate Notes*” means the first €575,000,000 aggregate principal amount of Floating Rate Notes issued under this Indenture on the date hereof.

“*Initial Intercompany Loan*” means the loan from the Issuer to Wind pursuant to the Intercompany Loan Agreement.

“*Initial Notes*” means the Initial Fixed Rate Dollar Notes, the Initial Fixed Rate Euro Notes and the Initial Floating Rate Notes.

“*Intercompany Loans*” means (1) the Initial Intercompany Loan and (2) any other loan from the Issuer to Wind permitted by this Indenture pursuant to a loan agreement with such terms and conditions that do not violate this Indenture or the Priority Agreement.

“*Intercompany Loan Agreement*” means that certain loan agreement, dated or amended and restated as of the Issue Date, by and between the Issuer and Wind pursuant to which the Initial Intercompany Loan was made, as the same may be amended from time to time in accordance with the terms of this Indenture.

“*Intercompany Loan Assignment Agreements*” means the security assignments relating to the assignment of the rights under the Intercompany Loans, the 2013 Intercompany Loans and/or the 2014 Intercompany Loans.

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations), advances or capital contributions (excluding commission, travel, payroll and similar advances to directors, officers, employees, consultants and agents made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. If Wind or any Subsidiary of Wind sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of Wind such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of Wind, Wind will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of Wind’s Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in Section 4.07(c). The acquisition by Wind or any Subsidiary of Wind of a Person that holds an Investment in a third Person will be deemed to be an Investment by Wind or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in Section 4.07(c). Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

“*Issue Date*” means the first date on which any Notes are issued.

“*Issuer*” means Wind Acquisition Finance S.A. until a successor replaces it in accordance with the provisions of this Indenture, after which, “*Issuer*” shall mean such successor.

“*Issuer Account Pledge Agreement*” means each of the agreements pursuant to which the Issuer grants a Lien on any of its bank accounts, including the agreement to be entered into on the Issue Date.

“*Issuer Distribution*” means the payment of dividends or the making of distributions by the Issuer to Wind from time to time.

“*Issuer Expansion Activities*” means the expansion of the scope of business activities of the Issuer, among other things, (i) to provide certain services to Wind and/or other members of the Wind Telecom Group on terms

no less favorable than those that could reasonably have been obtained in a comparable arms' length arrangement between the Issuer and an unaffiliated party; (ii) to incur Hedging Obligations; (iii) to make investments of the kind set out in the definition of "*Permitted Investments*"; (iv) to incur (or allowing another finance company to incur) Indebtedness in compliance with this Indenture; (v) to guarantee (or allowing another finance company to guarantee) other Indebtedness of Wind and its Restricted Subsidiaries that is otherwise permitted to be incurred under this Indenture; and (vi) allow the payment by Wind to the Issuer of a guarantee fee in exchange for the incurrence by the Issuer of any Issuer guarantee permitted by (v) above and allow the payment by the Issuer of a guarantee fee to Wind for any guarantees of its Indebtedness.

"*Issuer Share Pledge Agreement*" means the share pledge agreement governed by Luxembourg law, dated November 26, 2010 and entered into by Wind as pledgor over the shares of the Issuer, as confirmed from time to time.

"*Italian Civil Code*" means the Italian *Codice Civile* as approved by Italian Royal Decree No. 262 of March 16, 1942, as amended from time to time.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing or similar statement under the laws of any jurisdiction; provided that, for the avoidance of doubt, in no event will an operating lease constitute a lien.

"*listed*" means, in relation to the Euro MTF Market, the admission to trading of the Notes and the listing of the Notes on the Official List of the Luxembourg Stock Exchange, and "*listing*" shall be construed accordingly.

"*Luxembourg*" means the Grand Duchy of Luxembourg.

"*Market Capitalization*" means:

- (1) with respect to an Eligible Acquiror, the average of the daily closing share price of such company for the 10 day period prior to the announcement of the sale or merger transaction *multiplied* by the number of issued shares and, where necessary, converted into euro on the date of announcement of the sale or merger transaction;
- (2) with respect to VimpelCom Limited, the average of the daily closing share price of such company for the 10 day period prior to March 19, 2014 *multiplied* by the number of issued shares and, where necessary, converted into euro on the date of discharge of the PIK Notes in accordance with the indenture governing the PIK Notes.

For the purposes of the foregoing clauses (1) and (2) of this definition, where necessary, the amount should be determined (a) for so long as the Credit Agreement remains outstanding, by using the Credit Agreement Agent's spot rate of exchange or (b) if the Credit Agreement is not outstanding, pursuant to the definition of Euro Equivalent set forth in this Indenture.

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Cash Proceeds*" means, with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Debt or other contribution to the equity of Wind, the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

“*Net Income*” means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with IFRS and before any reduction in respect of Preferred Stock dividends, excluding, however:

(1) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss.

“*Net Proceeds*” means the aggregate cash proceeds received by Wind or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with IFRS.

“*Non-Public Debt*” means:

(1) Indebtedness represented by promissory notes or similar evidence of Indebtedness under bank loans or similar financing agreements, including private placements to insurance companies and mezzanine lenders; and

(2) any other Indebtedness; *provided* that it (a) is not listed, quoted or tradeable on any exchange or market, including any market for securities eligible for resale pursuant to Rule 144A under the U.S. Securities Act, (b) does not clear or settle through the facilities of the Euroclear, Clearstream, DTC or any similar facilities, (c) is not issued or sold by means of any prospectus, offering memorandum (but not an information memorandum of the type used in a bank syndication) or similar document typically used in connection with road show presentations, (d) is not marketed in an underwritten securities offering and (e) if placed with or through an agent, the agent does not place it with its high yield bond accounts.

“*Non-Recourse Debt*” means Indebtedness:

(1) as to which neither Wind nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of Wind or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of Wind or any of its Restricted Subsidiaries.

“*Note Guarantee*” means the guarantee by each Guarantor of the Issuer’s obligations under this Indenture and the Notes, executed pursuant to the provisions of this Indenture.

“*Notes*” has the meaning assigned to it in the preamble to this Indenture. The Initial Notes and the Additional Notes shall be treated as a single class for all purposes under this Indenture (except as otherwise provided in this Indenture), and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes.

“*Non-U.S. Person*” means a Person who is not a U.S. Person.

“*Obligations*” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities or amounts payable under the documentation governing any Indebtedness.

“*Offering Memorandum*” means the final Offering Memorandum, dated June 24, 2014, relating to the initial offer of the Notes.

“*Officer*” means the Chairman of the Board, any Managing Director, the President, any Vice President, the Treasurer or the Secretary of a Person or any equivalent position.

“*Officer’s Certificate*” means a certificate signed by an Officer.

“*Opinion of Counsel*” means an opinion in writing from and signed by legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 14.04. The counsel may be an employee of or counsel to the Issuer, Wind, any Restricted Subsidiary of Wind or the Trustee.

“*outstanding*” means, in relation to the Notes of any series as of any date of determination, all the Notes of such series issued other than:

- (1) Notes of such series which have been redeemed pursuant to this Indenture;
- (2) Notes of such series in respect of which the date for redemption in accordance with this Indenture has occurred and the redemption moneys including premium, if any, and all interest and Additional Amounts, if any, payable thereon have been duly paid to the Trustee or to the Principal Paying Agent in the manner provided herein (and where appropriate notice to that effect has been given to the relative Holders) and remain available for payment against presentation of the relevant Notes of such series;
- (3) Notes of such series which have been purchased and cancelled in accordance with Sections 3.09, 4.10 or 4.15;
- (4) mutilated or defaced Notes of such series which have been surrendered and cancelled and in respect of which replacements have been issued in accordance with Section 2.07;
- (5) (for the purpose only of ascertaining the principal amount of the Notes of any series outstanding and without prejudice to the status for any other purpose of the relevant Notes of such series) Notes of such series which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued; and
- (6) any Global Note of such series to the extent that it shall have been exchanged for another Global Note of such series or for Definitive Registered Notes of such series pursuant to its provisions;

provided that for each of the following purposes, namely:

- (1) the right to vote of any Holders in respect of any direction, waiver or consent delivered in accordance with the terms of this Indenture;
- (2) the determination of how many and which Notes of any series are for the time being outstanding for the purposes of Sections 6.01 through 6.06 (inclusive), 6.11, 7.08 and 9.02;
- (3) any discretion, power or authority (whether contained in this Indenture or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Holders or any of them; and
- (4) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to (or, as the case may be, adversely affects) the interests of the Holders or any of them,

Notes (if any) of any series which at such date of determination are held by or on behalf of the Issuer or any Affiliate of the Issuer shall be deemed not to remain outstanding, except that, in determining whether the Trustee

will be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Notes of such series which a Responsible Officer of the Trustee actually knows to be so owned will be so disregarded.

“*Parent*” means Wind Acquisition Holdings Finance S.p.A., a *società per azioni* incorporated and existing under the laws of Italy and the direct parent entity of Wind and any successor (including any successor direct parent entity).

“*Parent Holdco*” means any Person (other than a natural person) which legally and beneficially owns more than 50% of the Voting Stock and/or Capital Stock of Wind, either directly or through one or more Subsidiaries.

“*Parent PIK Debt*” means the loans, the proceeds of which were lent to the Parent pursuant to an intercompany loan dated December 15, 2009.

“*Pari Passu Indebtedness*” means (1) any Indebtedness of the Issuer that is *pari passu* in right of payment to the Notes and (2) with respect to any Note Guarantee, Indebtedness which ranks *pari passu* in right of payment to such Note Guarantee; *provided* that neither the 2014 HY Senior Notes nor any Permitted Refinancing Indebtedness incurred under Clause (4) of the definition of Permitted Debt to the extent such Permitted Refinancing Indebtedness is incurred in respect of the 2014 HY Senior Notes will be deemed to constitute *Pari Passu Indebtedness*.

“*Participant*” means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

“*Permitted Business*” means (1) any business in which Wind or any of its Restricted Subsidiaries are engaged in on the Issue Date; (2) any business activity relating to the providing of telecommunications services; and (3) any other business that is a reasonable extension, development or expansion of, or ancillary or complementary to, any of the foregoing, in each case, to the extent such business activity is conducted in any member state of the European Union, Switzerland, Canada or the United States.

“*Permitted Collateral Liens*” means:

(1) Liens on any Collateral to secure the Notes and the Note Guarantees issued on the Issue Date;

(2) Liens on any Credit Support Assets to secure Indebtedness that is permitted to be incurred by clause (1) of the definition of “Permitted Debt;” *provided* that all property and assets (including, without limitation, the Credit Support Assets) securing such Indebtedness also secures the Notes and the Note Guarantees on a senior or *pari passu* basis (other than, to the extent such Lien would violate applicable law, Credit Support Assets that do not constitute Collateral to the extent such assets are subject to the loss sharing provisions of the Priority Agreement (or the corresponding provisions in any additional intercreditor agreement or priority agreement)); *provided further* that each of the parties to the agreements giving rise to such Indebtedness will have entered into the Priority Agreement (or be deemed a party thereto pursuant to such agreements) as “Senior Facilities Creditors” or “Senior Secured Notes Creditors” (or other category of creditors with substantially identical rights and obligations as the “Senior Secured Notes Creditors”), as applicable, (or the corresponding term in any additional intercreditor agreement or priority agreement);

(3) Liens on any Credit Support Assets to secure Designated Indebtedness of the Issuer or a Guarantor that is Designated Indebtedness and that is permitted to be incurred by Section 4.09(a) or Section 4.09(b)(xvi); *provided* that on the date of the incurrence of such Indebtedness and on a pro forma basis (including the pro forma application of the net proceeds therefrom) Wind’s Consolidated Senior Secured Leverage Ratio is less than 3.5 to 1.0; *provided* that all property and assets (including, without limitation, the Credit Support Assets)

securing such Indebtedness also secures the Notes and the Note Guarantees, if such Indebtedness is either *Pari Passu* Indebtedness or is Indebtedness benefiting from a guarantee that is *Pari Passu* Indebtedness, on a senior or pari passu basis (other than, to the extent such Lien would violate applicable law, Credit Support Assets that do not constitute Collateral to the extent such assets are subject to the loss sharing provisions of the Priority Agreement (or the corresponding provisions in any additional intercreditor agreement or priority agreement)) or, if such Indebtedness is subordinated Indebtedness, on a priority basis; *provided further* that each of the parties thereto will have entered into the Priority Agreement, in the case of subordinated Indebtedness as “Senior Facilities Creditors” or “Senior Secured Notes Creditors” (or other category of creditors with substantially identical rights and obligations as the “Senior Secured Notes Creditors”), as applicable, (or the corresponding term in any additional intercreditor agreement or priority agreement) or, in the case of subordinated Indebtedness, the appropriate term reflecting such ranking;

(4) Liens on any Credit Support Assets to secure Indebtedness under the 2013 Indenture Senior Secured Notes and guarantees thereof; *provided* that all property and assets (including, without limitation, the Credit Support Assets) securing such Indebtedness also secures the Notes and the Note Guarantees on a *pari passu* basis; *provided further* that each of the parties to the agreements giving rise to such Indebtedness will have entered into the Priority Agreement (or be deemed a party thereto pursuant to such agreements) as “Senior Secured Notes Creditors” (or other category of creditors with substantially identical rights and obligations as the “Senior Secured Notes Creditors”) (or the corresponding term in any additional intercreditor agreement or priority agreement);

(5) Liens on the 2014 HY Senior Notes Collateral to secure (i) Indebtedness under the 2014 HY Senior Notes and guarantees thereof and/or (ii) Designated Indebtedness of the Issuer or a Guarantor that is permitted to be incurred by by Section 4.09(a), Section 4.09(b)(xvi) or Section 4.09(xviii); *provided* that such Lien ranks junior to the Liens on the 2014 HY Senior Notes Collateral securing the Notes and the Note Guarantees; *provided further* that each of the parties thereto will have entered into the Priority Agreement as “HY Notes Creditors” (or the corresponding term in any amendment to the Priority Agreement or additional intercreditor agreement or priority agreement);

(6) Liens on the Credit Support Assets to secure Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace or discharge, any Indebtedness which is secured by a Lien on the Collateral pursuant to the preceding clauses (1), (3), (4), (5) or this clause (6); *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees with priority with respect to the Permitted Refinancing Indebtedness substantially similar to that of the Indebtedness which is being exchanged, renewed, refunded, refinanced, replaced or discharged (other than, to the extent such Lien would violate applicable law, Credit Support Assets that do not constitute Collateral to the extent such assets are subject to the loss sharing provisions of the Priority Agreement (or the corresponding provisions in any additional intercreditor agreement or priority agreement)); *provided further* that each of the parties thereto will have entered into the Priority Agreement or, if relevant, any additional intercreditor agreement or priority agreement;

(7) Liens on the Credit Support Assets securing obligations under Hedging Obligations that relate solely to Indebtedness referred to in clauses (1) through (6) above or securing obligations described under paragraph (4) of the definition of Hedging Obligations and permitted to be incurred by Section 4.09(b)(vii); *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees on a senior or *pari passu* basis (other than, to the extent such Lien would violate applicable law, Credit Support Assets that do not constitute Collateral to the extent such assets are subject to the loss sharing provisions of the Priority Agreement (or the corresponding provisions in any additional intercreditor agreement or priority agreement)); *provided further* that each of the parties thereto will have entered into the Priority Agreement as a “Hedging Bank” (or the corresponding term in any additional intercreditor agreement or priority agreement); and

(8) Liens on the Credit Support Assets (other than Collateral consisting of Capital Stock of a subsidiary of the Parent or on any Intercompany Loan) that are described in one or more of clauses (2), (3), (4), (5), (7), (8), (9), (12), (15) and (16) of the definition of “Permitted Liens” and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the Liens over the Collateral.

Permitted Collateral Liens on Credit Support Assets (including pursuant to a “*privilegio speciale*” or on intellectual property rights) other than assets that constitute Collateral may not secure Capital Markets Debt unless such assets also secure the Notes and the Note Guarantees on a senior or *pari passu* basis with the lenders under the Credit Agreement. Proceeds from the enforcement of any Permitted Collateral Lien (other than as permitted by the preceding clause (8) on any Credit Support Asset shall be subject to the loss sharing provisions of the Priority Agreement and will be shared *pro rata* among the senior creditors benefiting from Permitted Collateral Liens on such assets, including the Holders of the Notes.

“*Permitted Holder*” means (1) VimpelCom Limited or any of its Subsidiaries (but, for the avoidance of doubt, not any shareholder of VimpelCom Limited) or (2) an Eligible Acquiror or (3) any person or group whose acquisition of beneficial ownership constitutes (a) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of this Indenture or (b) a Change of Control which is also a Specified Change of Control Event, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

“*Permitted Investments*” means:

- (1) any Investment in Wind or in a Restricted Subsidiary of Wind;
- (2) any Investment in cash or Cash Equivalents;
- (3) any Investment by Wind or any Restricted Subsidiary of Wind in a Person, if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary of Wind; or
 - (b) such Person is merged, consolidated, amalgamated or otherwise combined with or into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, Wind or a Restricted Subsidiary of Wind;
- (4) any Investment made as a result of the receipt of non-cash consideration from (i) an Asset Sale that was made in compliance with Section 4.10, or (ii) any other dispositions of property or assets or the issuance or sale of Equity Interests not constituting an Asset Sale and otherwise not prohibited by this Indenture;
- (5) any acquisition of assets or Capital Stock in exchange for (i) the issuance of Equity Interests (other than Disqualified Stock) of Wind or Equity Interests of any Parent Holdco or (ii) Subordinated Shareholder Debt;
- (6) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of Wind or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes with Persons who are not Affiliates;
- (7) Investments represented by Hedging Obligations;
- (8) loans or advances to officers, directors or employees made in the ordinary course of business of Wind or any of its Restricted Subsidiaries in an aggregate principal amount not to exceed €10.0 million at any one time outstanding;
- (9) Investments in (a) the Notes, the 2013 Indenture Senior Secured Notes or the 2014 HY Senior Notes and (b) any Indebtedness or securities which are a securitization of, or relate to an economic participation or interest in, the Notes of the type referred to in the preceding clause (a);

(10) Investments represented by bank deposits, trade credit, advances to customers, and accounts and notes receivable created or acquired in the ordinary course of business;

(11) Investments existing on the date of this Indenture (or in respect of which a binding commitment to make such Investment exists on the date of this Indenture in any Person in a Permitted Business) and any extension, modification or renewal of such Investments or commitments, but only to the extent such extension, modification or renewal does not involve additional (or in the case of commitments, increase the amount of committed) advances, contributions or other Investments (other than as a result of the accrual or accretion of interest or original issue discount or the issuance by such investee of pay-in-kind securities, in each case, pursuant to the terms of such Investment or commitment as in effect on the date of this Indenture);

(12) Investments where such Investment was acquired by Wind or any of its Restricted Subsidiaries (a) in exchange for any other Investment or accounts receivable held by Wind or any Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by Wind or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(13) Investments to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by Wind or any of its Restricted Subsidiaries;

(14) Investments held by a Person that becomes a Restricted Subsidiary, *provided* that such Investments were not acquired in contemplation of the acquisition of such Person;

(15) Investments consisting of deposits made in connection with self-insurance;

(16) Investments in an entity formed for the primary purpose of issuing securities or other indebtedness the gross or net proceeds of which will be on-lent to Wind or a Restricted Subsidiary;

(17) Investments consisting of (a) guarantees of Indebtedness permitted to be incurred under Section 4.09, and (b) performance guarantees that do not constitute Indebtedness entered into by Wind or any of its Restricted Subsidiaries in the ordinary course of business and consistent with past practice;

(18) any Investment made as a result of the contribution of the Towers Infrastructure into a Towers Entity (including any Investment in a Towers Entity where such Investment was acquired by Wind or any of its Restricted Subsidiaries in exchange for the contribution of the Towers Infrastructure into a Towers Entity) and any Investment constituting Equity Interests in a Towers Entity and, in each case, to the extent such transaction resulting in the relevant Investment would have constituted an Asset Sale but for clause (6) of the second paragraph of the definition thereof, such transaction would have complied with Section 4.10;

(19) other Investments in any Person in a Permitted Business having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (19) that are at the time outstanding not to exceed €300.0 million;

(20) any Investments as part of a Cash Distribution, and the amendment, modification or supplement, including any waiver, maturity extension, set off or discharge (including by way of exchange, sale or substitution), by Wind or any Restricted Subsidiary of any arrangement connected to such Investment; and

(21) any amendment, modification or supplement, including any waiver, set off or discharge (including by way of exchange, sale or substitution), by Wind or any Restricted Subsidiary of any arrangement connected to the Wind Telecom Loan provided that no actual transfer of cash may be made by Wind or any Restricted Subsidiary as part of such arrangement.

“*Permitted Liens*” means:

- (1) Liens in favor of the Issuer, Wind or any of its Restricted Subsidiaries that is a Guarantor;
- (2) Liens on property of a Person existing at the time such Person is merged with or into or consolidated, amalgamated or otherwise combined with Wind or any Subsidiary of Wind; *provided* that such Liens were in existence prior to, and not incurred in contemplation of, such merger or consolidation and do not extend to any assets of Wind or any of its Restricted Subsidiaries other than those of the Person merged with or into or consolidated, amalgamated or combined with Wind or the Subsidiary;
- (3) Liens on property (including Capital Stock) existing at the time of acquisition of the property by Wind or any Subsidiary of Wind; *provided* that such Liens were in existence prior to, and not incurred in contemplation of, such acquisition and do not extend to any assets of Wind or any of its Restricted Subsidiaries other than those on the acquired property;
- (4) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;
- (5) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (iii) of the definition of Permitted Debt covering only the assets acquired with or financed or refinanced by such Indebtedness or affixed or appurtenant thereto;
- (6) Liens existing on the date of this Indenture;
- (7) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or thereafter can be paid without penalty or that are being contested in good faith by appropriate proceedings; *provided* that any reserve or other appropriate provision as is required in conformity with IFRS has been made therefor;
- (8) Liens imposed by law, such as carriers’, warehousemen’s, landlord’s and mechanics’ Liens, Liens of employees and pension plan administrators, and other similar Liens in each case, incurred in the ordinary course of business;
- (9) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair the use of such property in the operation of the business of such Person;
- (10) Liens created for the benefit of (or to secure) the Notes or any Note Guarantee (including any Liens granted pursuant to the Security Documents);
- (11) Liens to secure obligations in respect of any Permitted Refinancing Indebtedness permitted to be incurred under this Indenture; *provided, however*, that:
 - (a) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and
 - (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;
- (12) Liens incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security or other insurance (including workers’ compensation) or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance, return-of-money bonds and other similar obligations;

(13) leases or subleases granted to others not interfering with the ordinary conduct of the business of Wind or any of its Restricted Subsidiaries;

(14) Liens with respect to bankers' liens, rights of set-off or similar rights or remedies in respect of cash maintained in bank accounts or certificates of deposit;

(15) Liens consisting of a right of first refusal or option to purchase an ownership interest in any Restricted Subsidiary of Wind or to purchase assets of Wind or any Restricted Subsidiary of Wind;

(16) Liens arising under judgments not giving rise to an Event of Default so long as such Lien is in the good faith determination of Wind adequately bonded;

(17) Liens granted to the Trustee for its compensation and indemnities pursuant to this Indenture or Priority Agreement (or any additional intercreditor agreement or priority agreement entered into pursuant to the terms of the Priority Agreement or this Indenture);

(18) Liens to secure any refinancing, refunding, extension, renewal or replacement or successive refinancing, refundings, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clauses (1), (3), (4) and (7); *provided, however*, that (a) such new Lien shall be limited to all or part of the same property that secured the original Lien, and (b) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (i) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (1), (3), (4) and (7) at the time the original Lien became a Permitted Lien under this Indenture, and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(19) Liens on assets or property of a Restricted Subsidiary of Wind other than a Guarantor or the Issuer securing Indebtedness of such Restricted Subsidiary;

(20) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing or Liens securing Indebtedness or other obligations of a Receivables Subsidiary;

(21) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(22) to the extent the Acquisition Documents Rights Pledge Agreement is not a Security Document on the Issue Date, Liens on receivables under the Sale and Purchase Agreement and the Put and Call Option Agreement to secure Obligations under the 2014 HY Senior Notes Indenture and the 2014 HY Senior Notes; and

(23) Liens incurred in the ordinary course of business of Wind or any Subsidiary of Wind with respect to obligations that do not exceed €50.0 million at any one time outstanding.

“Permitted Maintenance Payments” means, without duplication as to amounts:

(1) payments to any Parent Holdco to the extent required to permit such Parent Holdco to pay reasonable franchise taxes owed by it and other amounts required to be paid by it to maintain its corporate existence or to pay reasonable accounting, legal and administrative expenses of such Parent Holdco or to pay any other amounts permitted to be paid by Wind to such Parent Holdco pursuant to the terms of the Priority Agreement other than as set forth in clause (2) below, in an aggregate amount not to exceed €2.0 million per annum;

(2) amounts payable by the Parent to any Person for withholding tax obligations arising in respect of Parent PIK Debt; *provided* that the Parent shall use its best efforts to obtain a refund of such withholding tax promptly upon becoming entitled to apply for such refund and shall ensure that if the proceeds of any such refund are received by the Parent, the proceeds are promptly contributed to Wind by the Parent subscribing in cash for shares in Wind (or otherwise by way of cash equity contribution to Wind); and

(3) for so long as Wind is a member of a group filing a consolidated or combined tax return with any Parent Holdco, payments to such Parent Holdco in respect of an allocable portion of the tax liabilities of such group that is attributable to Wind and its Subsidiaries (“*Tax Payments*”) in the amount not to exceed the lesser of (a) the amount of the relevant tax (including any penalties and interest) that Wind would owe if Wind were filing a separate tax return (or a separate consolidated or combined return with its Subsidiaries that are members of the consolidated or combined group), taking into account any carryovers and carrybacks of tax attributes (such as net operating losses) of Wind and such Subsidiaries from other taxable years and (b) the net amount of the relevant tax that the Parent Holdco actually owes to the appropriate taxing authority. Any Tax Payments received from Wind shall be paid over to the appropriate taxing authority within 30 days of the Parent Holdco’s receipt of such Tax Payments or refunded to Wind; provided that the Parent Holdco shall pay to the appropriate taxing authority all such Tax Payments received before they become due under the rules of the relevant taxing authority, or as soon as commercially reasonable if received after such date.

“*Permitted Refinancing Indebtedness*” means any Indebtedness of Wind or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of Wind or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes or the Note Guarantees, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes or the Note Guarantees, as applicable, on terms at least as favorable to the Holders of Notes and the Note Guarantees, as applicable, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) if the Issuer or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Issuer or a Guarantor (including, for the avoidance of doubt, a Finance Company).

“*Permitted Wind Telecom Management Payments*” means payments made by Wind under the Wind Telecom Management Services Agreement in an aggregate amount not to exceed (1) prior to a Public Equity Offering, €20,000,000 (or its equivalent in other currencies) per annum and (2) following a Public Equity Offering of Wind, Wind Telecom S.p.A. or any other Subsidiary of Wind Telecom S.p.A. that is a Parent Holdco of Wind, €50,000,000 (or its equivalent in other currencies) per annum (in each case, plus reasonable costs and out-of-pocket expenses).

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*PIK Notes*” means the €325,000,000 original issuance aggregate principal amount of the Wind Acquisition Holdings Finance S.A.’s (“*WAHF SA*”) 12 ¼% Senior Notes due 2017 and \$625,000,000 original issuance aggregate principal amount of WAHF SA’s 12 ¼% Senior Notes due 2017 issued under that certain indenture, dated as of December 10, 2009.

“*Pre-Expansion European Union*” means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

“*Preferred Stock*” of any Person means any Equity Interests of such Person that have any rights which are preferential to the rights of any other Equity Interests of such Person with respect to dividends or redemptions or upon liquidation.

“*Priority Agreement*” means, that certain Priority Agreement, dated as of November 26, 2010 and as the same may be amended from time to time in accordance with the terms of this Indenture, by and among, *inter alios*, the Parent, Wind, the Issuer and the Security Agent and as acceded to by the Trustee prior to the Issue Date.

“*Private Placement Legend*” means the legend set forth in Section 2.06(f)(i) to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

“*privilegio speciale*” means a special Lien over the present and future moveable assets of a Person, which security interest does not directly benefit the holders of the Notes. Pursuant to the loss sharing provisions of the Priority Agreement, proceeds from enforcement of the Collateral, together with any proceeds from the enforcement of the “*privilegio speciale*,” will be shared *pro rata* among the senior creditors, including the Holders of the Notes. The Collateral, together with the “*privilegio speciale*,” are referred to as the “*Credit Support Assets*.”

“*Public Equity Offering*” means a bona fide underwritten public offering of the Capital Stock (other than Disqualified Stock) of Wind or a Parent Holdco of Wind, either:

- (1) pursuant to a flotation on the Milan Stock Exchange or any other nationally recognized stock exchange or listing authority in a member state of the European Union; or
- (2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

“*Public Market*” means any time after:

- (1) a Public Equity Offering has been consummated; and
- (2) at least 20% of the total issued and outstanding ordinary shares or common equity of Wind or a Parent Holdco of Wind has been distributed to investors other than the Permitted Holders or any of their respective Affiliates or any other direct or indirect shareholders of the Parent as of the Issue Date pursuant to one or more Public Equity Offerings.

“*Put and Call Option Agreement*” means the put and call agreement dated as of May 26, 2005 by and between Enel S.p.A. and Weather Investments S.r.l. relating to the purchase of additional Capital Stock of Wind, as the same may be amended from time to time.

“*QIB*” means a “qualified institutional buyer” as defined in Rule 144A.

“*Qualified Receivables Financing*” means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) an Officer or the Board of Directors of Wind shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to Wind and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by an Officer or the Board of Directors of Wind), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by Wind) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of Wind or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under Credit Facilities or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

“*Receivable*” means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

“*Receivables Assets*” means any assets that are or will be the subject of a Qualified Receivables Financing.

“*Receivables Fees*” means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

“*Receivables Financing*” means any transaction or series of transactions that may be entered into by Wind or any of its Subsidiaries pursuant to which Wind or any of its Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Subsidiary (in the case of a transfer by Wind or any of its Subsidiaries), or (2) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of Wind or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by Wind or any such Subsidiary in connection with such accounts receivable.

“*Receivables Repurchase Obligation*” means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

“*Receivables Subsidiary*” means a wholly-owned Subsidiary of Wind (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with Wind in which Wind or any Restricted Subsidiary of Wind makes an Investment and to which Wind or any Restricted Subsidiary of Wind transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of Wind and its Restricted Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of Wind (as provided below) as a Receivables Subsidiary and:

- (1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (1) is guaranteed by Wind or any other Restricted Subsidiary of Wind (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (2) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by Wind or any other Restricted Subsidiary of Wind, (3) is recourse to or obligates Wind or any other Restricted Subsidiary of Wind in any way other than pursuant to Standard Securitization Undertakings, or (4) subjects any property or asset of Wind or any other Restricted Subsidiary of Wind, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;
- (2) with which neither Wind nor any other Restricted Subsidiary of Wind has any contract, agreement, arrangement or understanding other than on terms which Wind reasonably believes to be no less favorable to Wind or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of Wind; and

- (3) to which neither Wind nor any other Restricted Subsidiary of Wind has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of Wind shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of Wind giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"Refinancing Transactions" means the "Transactions" as defined in the Offering Memorandum (including the April 2014 Refinancing Transactions) and any future refinancing transactions undertaken in accordance with the terms of this Indenture.

"Regulation S" means Regulation S promulgated under the U.S. Securities Act.

"Regulation S Fixed Rate Dollar Global Note" means a Fixed Rate Dollar Global Note bearing the Global Note Legend and the Private Placement Legend and deposited with the Custodian and registered in the name of Cede & Co., as nominee for DTC, that will be issued in an initial amount equal to the principal amount of the Fixed Rate Dollar Notes sold in reliance on Regulation S.

"Regulation S Fixed Rate Euro Global Note" means a Fixed Rate Euro Global Note bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of BT Globenet Nominees Limited as nominee for Euroclear and Clearstream that will be issued in an initial amount equal to the principal amount of the Fixed Rate Euro Notes initially sold in reliance on Regulation S.

"Regulation S Floating Rate Global Note" means a Floating Rate Global Note bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of BT Globenet Nominees Limited as nominee for Euroclear and Clearstream that will be issued in an initial amount equal to the principal amount of the Floating Rate Notes initially sold in reliance on Regulation S.

"Regulation S Global Note" means one or more of the Regulation S Fixed Rate Dollar Global Note, the Regulation S Fixed Rate Euro Global Note and the Regulation S Floating Rate Global Note.

"Related Party" means:

(1) if a Permitted Holder is an individual, the parents or spouse of such Permitted Holder, the parents of such Permitted Holder's spouse and any of such Permitted Holder's spouse's or their parents' direct descendants; or

(2) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, shareholders, partners, members, owners or Persons beneficially holding a 50.1% or more controlling interest of which consist of any one or more Permitted Holder and/or such other Persons referred to in the immediately preceding clause (1),

provided, however, that Weather Capital S.à r.l., Orascom Telecom Holding S.A.E. and any of their Subsidiaries shall not be deemed a Related Party.

"Responsible Officer," when used with respect to the Trustee, means any vice president, assistant vice president, senior trust officer, trust officer or any other officer within the Corporate Trust department of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Restricted Period*” means the 40-day distribution compliance period, as defined in Regulation S.

“*Restricted Subsidiary*” of a Person means any Subsidiary (other than a Subsidiary that is engaged in any business other than Permitted Businesses) of the referent Person that is not an Unrestricted Subsidiary.

“*Rule 144A*” means Rule 144A promulgated under the U.S. Securities Act.

“*Rule 903*” means Rule 903 promulgated under the U.S. Securities Act.

“*Rule 904*” means Rule 904 promulgated the U.S. Securities Act.

“*S&P*” means Standard and Poor’s Ratings Group.

“*Sale and Purchase Agreement*” means the share sale and purchase agreement, dated as of May 26, 2005, by and among Weather Investment II S.à r.l., the Vendors, the Principal Investor, OS Private Trust Company Limited as trustee of the OS Trust, February Private Trust Company Limited as trustee of the March Trust, OS Holding, April Holding and “Newco” relating to the acquisition of Wind by Wind Acquisition Finance S.p.A., as the same may be amended from time to time.

“*Security Agent*” means The Royal Bank of Scotland plc, Milan Branch acting as agent pursuant to the Security Documents or any successor or replacement Security Agent, acting in such capacity.

“*Security Documents*” means (1) Wind Share Pledge Agreement, (2) the Issuer Share Pledge Agreement, (3) the Intercompany Loan Assignment Agreements, (4) the Hedging Receivables Assignment Agreement, (5) Wind Account Pledge Agreement, (6) the Issuer Account Pledge Agreement, (7) the Wind Receivables Pledge Agreement, (8) the Acquisition Documents Rights Pledge Agreement and any other agreement or instrument from time to time governing a grant of a security interest permitted under this Indenture and the Priority Agreement to secure the Obligations under the Notes.

“*Senior Secured Debt*” means, with respect to any Person as of any date of determination, Indebtedness that is secured by a Permitted Collateral Lien as permitted by this Indenture (excluding Indebtedness (a) to the extent secured on a junior priority basis solely by Liens on 2014 HY Senior Notes Collateral permitted pursuant to clause (5) of the definition of Permitted Collateral Liens or any Permitted Refinancing Indebtedness with respect thereto originally incurred pursuant to clause (6) of the definition of Permitted Collateral Liens and (b) secured pursuant to clause (8) of the definition of Permitted Collateral Liens).

“*Significant Subsidiary*” means any Subsidiary which meets any of the following conditions:

(1) Wind and its Restricted Subsidiaries’ investments in and advances to such Subsidiary exceed ten percent (10%) of the total consolidated assets of Wind as of the end of the most recently completed financial year; or

(2) Wind and its Restricted Subsidiaries’ proportionate share of the total assets (after intercompany eliminations) of such Subsidiary exceeds ten percent (10%) of the total consolidated assets of the Issuer as of the end of the most recently completed financial year; or

(3) Wind and its Restricted Subsidiaries’ equity in the consolidated income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of such Subsidiary exceeds ten percent (10%) of such consolidated income of the Issuer for the most recently completed financial year; or

(4) has any Obligation with respect to the Notes or any Note Guarantee.

“*Specified Change of Control Event*” means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that giving *pro forma* effect thereto, the Consolidated Leverage Ratio would not exceed 4.25 to 1.0. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under this Indenture after the Issue Date.

“*Standard Securitization Undertakings*” means representations, warranties, covenants, indemnities and guarantees of performance entered into by Wind or any Subsidiary of Wind which Wind has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the date of this Indenture, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Shareholder Debt*” means any subordinated Indebtedness issued by Wind to any Parent Holdco or an Affiliate thereof that:

- (1) by its terms:
 - (a) does not (including upon the happening of any event) mature and is not (including upon the happening of any event) mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (except on the winding up of Wind), or redeemable at the option of the holder, in whole or in part, and does not include any provision requiring repurchase by Wind or any Restricted Subsidiary of Wind (including upon the happening of any event) prior to the one-year anniversary of the latest date on which any Notes mature;
 - (b) does not (including upon the happening of any event) require or provide for the payment, in cash or otherwise, of interest or any other amounts prior to its final Stated Maturity (*provided* that interest may accrete while such subordinated Indebtedness is outstanding and any interest may be satisfied at any time by the issue to the holders thereof of additional Subordinated Shareholder Debt);
 - (c) does not provide (including upon the happening of any event) for the acceleration of its maturity or the exercise of remedies, including acceleration, placement on demand or the taking of any enforcement action (except on the winding up of Wind);
 - (d) is not secured by a Lien on any assets of Wind or any Restricted Subsidiary of Wind and is not guaranteed by any Restricted Subsidiary of Wind;
 - (e) does not (including upon the happening of any event) restrict the payment of amounts due in respect of Indebtedness of Wind or any of its Restricted Subsidiaries;
 - (f) is subject to release pursuant to the terms of the Priority Agreement to the same extent as Parent Debt (as defined in the Priority Agreement);
 - (g) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to one year after the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Shares) of Wind;
 - (h) a lien on such subordinated Indebtedness shall be granted to secure the Obligations under the Notes and any Note Guarantee; and

- (2) is contractually subordinated and junior in right of payment to the prior payment in full in cash of all Obligations of Wind pursuant to the Priority Agreement or another agreement which is substantially identical thereto or more favorable to the Holders of Notes, and, in any event, such that:
- (a) Wind shall make no payment in respect of such subordinated Indebtedness (whether in cash, securities or otherwise, except as permitted by clause (1)(b) above) and may not acquire such subordinated Indebtedness except as permitted by this Indenture until the prior payment in full in cash of all obligations in respect of the Notes, any Note Guarantee and this Indenture;
 - (b) upon any total or partial liquidation, dissolution or winding up of Wind or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to Wind or its property, the Holders of the Notes shall be entitled to receive payment in full in cash of the Obligations under the Notes or any Note Guarantee before the holders of such subordinated Indebtedness shall be entitled to receive any payment in respect of such subordinated Indebtedness;
 - (c) such subordinated Indebtedness may not be amended such that it would cease to qualify as a Subordinated Shareholder Debt until a date that is after the prior payment in full in cash of all Obligations in respect of the Notes, any Note Guarantee and this Indenture;
 - (d) the holders of such subordinated Indebtedness shall assign any rights to vote, including by way of power of attorney, in a bankruptcy, insolvency or similar proceeding to the Security Agent under this Indenture to the extent necessary to give effect to the priority and subordination provisions described in this definition; and
 - (e) the holders of such subordinated Indebtedness shall agree that, in the event any payment on such subordinated Indebtedness is received by such holder in contravention of the terms of this Indenture and the Priority Agreement and/or any other applicable subordination agreement, then such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the Security Agent, on behalf of the Holders of the Notes (and any other senior Indebtedness of Wind);

provided, however, that any event or circumstance that results in such Subordinated Shareholder Debt ceasing to qualify as a Subordinated Shareholder Debt, such indebtedness shall constitute “Indebtedness” under the definition thereof and an incurrence of such Indebtedness by Wind, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such subordinated Indebtedness since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

“*Subsidiary*” means, with respect to any specified Person, from time to time:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

“*Supplemental Indenture*” means a supplemental indenture in the form attached as Exhibit E hereto.

“*Tax*” means any tax, duty, levy, impost, assessment or other governmental charge (including penalties and interest and other additional amounts related thereto).

“*Taxes*” and “*Taxation*” shall be construed to have corresponding meanings.

“*TIA*” means the U.S. Trust Indenture Act of 1939 (15 U.S.C. §§ 77aaa-77bbbb) as in effect on the date of this Indenture.

“*Towers Entity*” means a Person formed for the primary purpose of operating the Towers Infrastructure.

“*Towers Infrastructure*” means assets constituting towers and other physical structures (including, without limitation, roof sites) on which telecommunications and/or other equipment is placed, but excluding, for the avoidance of doubt, any such equipment; *provided* that such towers are suitable for the placing of telecommunication and transmission equipment.

“*Treasury Rate*” means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to July 15, 2016; *provided, however*, that if the period from the redemption date to July 15, 2016, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“*Trustee*” means Deutsche Bank Trust Company Americas until a successor trustee replaces it in accordance with the applicable provisions of this Indenture, after which, “*Trustee*” shall mean such successor.

“*Universal Service Contributions*” means contributions payable under Article 3, paragraph 6, of Italian Presidential Decree no. 318 of September 19, 1997 which establishes a mechanism designed to distribute the net cost of providing certain universal telecommunications services throughout Italy (including the provision of fixed public voice telephony services, publication of telephone directories and provision of subscriber information services, public payphones, free emergency call services and special services for disabled or disadvantaged people) whenever the related obligations represent an unfair cost for the entity or entities assigned the responsibility for supplying the service.

“*Unrestricted Subsidiary*” means any Subsidiary of Wind (other than the Issuer) that is designated by the Board of Directors of Wind as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that at the time of such designation such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 4.11, is not party to any agreement, contract, arrangement or understanding with Wind or any Restricted Subsidiary of Wind unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to Wind or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Wind;

(3) is a Person with respect to which neither Wind nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Wind or any of its Restricted Subsidiaries.

In the event that Weather Capital S.à r.l., Orascom Telecom Holding S.A.E. or any of their Subsidiaries become a Subsidiary of Wind after the Issue Date in compliance with the terms of this Indenture, each such entity shall be designated as an Unrestricted Subsidiary for so long as it remains a Subsidiary of Wind.

“*U.S. Dollars*” or “\$” means and/or refers to the lawful currency of the United States.

“*U.S. Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated pursuant thereto.

“*U.S. Person*” means a U.S. person as defined in Rule 902(o) under the U.S. Securities Act.

“*U.S. Securities Act*” means the U.S. Securities Act of 1933 and the rules and regulations of the Commission promulgated thereunder, as amended.

“*Voting Stock*” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“*WAHF SA*” means Wind Acquisition Holdings Finance S.A.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

“*WI Newco*” means a newly formed entity the Equity Interests of which are beneficially owned by one or more of the shareholders of Weather Investments S.p.A. as of the Issue Date.

“*Wind*” means WIND Telecomunicazioni S.p.A., as Guarantor, and any successor entity to the extent permitted hereunder.

“*Wind Account Pledge Agreement*” means each of the agreements pursuant to which Wind grants a Lien on any of its bank accounts, including the agreement to be entered into on the Issue Date.

“*Wind Receivables Pledge Agreement*” means the agreements entered into from time to time relating to the pledge of certain receivables of Wind and its Restricted Subsidiaries.

“*Wind Share Pledge Agreement*” means each of the agreements entered into from time to time relating to the pledge pursuant to which the Parent pledged the Capital Stock of Wind.

“*Wind Telecom Group*” means Wind Telecom S.p.A. and its Subsidiaries.

“*Wind Telecom Loan*” means the loan granted by Wind to Wind Telecom S.p.A. with an original scheduled maturity of December 31, 2013.

“*Wind Telecom Management Services Agreement*” means that certain Management Services Agreement, effective as of October 29, 2007, by and between Wind and Wind Telecom S.p.A. (formerly Weather Investments S.p.A.), as the same may be amended from time to time to the extent that any such amendment or amendments are no less favorable to Wind and its Restricted Subsidiaries nor more disadvantageous to the Holders of the Notes in any material respect than the management services agreement in effect on the Issue Date (other than any amendment that increases the Permitted Wind Telecom Management Payments in an amount contemplated by the definition thereof).

“*WIS*” means Wind International Services S.p.A.

Section 1.02 *Other Definitions.*

<u>Term</u>	<u>Defined in Section</u>
“Additional Amounts”	4.19
“Affiliate Transaction”	4.11
“Annual Information Statement”	4.19
“Applicable Rate”	2.13
“Asset Sale Offer”	3.10
“Authenticating Agent”	2.01
“Authentication Order”	2.02
“Authorized Agent”	14.06
“Calculation Date”	1.01
“Change of Control Offer”	4.15
“Change of Control Payment”	4.15
“Change of Control Payment Date”	4.15
“Covenant Defeasance”	8.03
“Determination Date”	2.13
“EURIBOR”	2.13
“Euro-zone”	2.13
“Event of Default”	6.01
“Excess Proceeds”	4.10
“FATCA”	4.19
“incur”	4.09
“Initial Lien”	4.12
“Initial Notes”	Preamble
“Interest Amount”	2.13
“Interest Period”	2.13
“Legal Defeasance”	8.02
“Luxembourg Companies Act 1915”	9.02
“Offer Amount”	3.10
“Offer Period”	3.10
“Paying Agent”	2.03
“Payment Default”	6.01
“Permitted Debt”	4.09
“Principal Paying Agent”	2.03
“Protective Statement”	4.19
“Purchase Date”	3.10
“Register”	2.03
“Registrar”	2.03
“Representative Amount”	2.13
“Restricted Payments”	4.07
“Reuters Page EURIBOR01”	2.13
“Successor Company”	5.01
“TARGET Settlement Day”	2.13
“Tax Jurisdiction”	4.19
“Tax Redemption Date”	3.08
“Transfer Agent”	2.03
“U.S. Noteholder”	4.19

Section 1.03 *Incorporation by Reference of Trust Indenture Act.*

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

“*obligor*” on the Notes and any Note Guarantee means the Issuer and the relevant Guarantors, respectively, and any successor obligor upon the Notes and any Note Guarantee, respectively.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule under the TIA have the meanings so assigned to them.

Section 1.04 *Rules of Construction.*

Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with IFRS;
- (c) “or” is not exclusive;
- (d) words in the singular include the plural, and in the plural include the singular;
- (e) provisions apply to successive events and transactions;
- (f) references to sections of or rules under the U.S. Securities Act shall be deemed to include substitute, replacement of successor sections or rules adopted by the Commission from time to time;
- (g) all references to the principal, premium, interest or any other amount payable pursuant to this Indenture shall be deemed also to refer to any Additional Amounts which may be payable hereunder in respect of payments of principal, premium, interest and any other amounts payable pursuant to this Indenture or any undertakings given in addition thereto or in substitution therefor pursuant to this Indenture and express reference to the payment of Additional Amounts in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express reference is not made;
- (h) except as otherwise provided, whenever an amount is denominated in euro, it shall be deemed to include the Euro Equivalent amounts denominated in other currencies; and
- (i) for purposes of this Indenture, the word “series”, when used in reference to any Notes, shall refer to whether such Notes are Fixed Rate Euro Notes, Fixed Rate Dollar Notes or Floating Rate Notes and each of the Fixed Rate Euro Notes, Fixed Rate Dollar Notes and Floating Rate Notes shall constitute a separate series of Notes; *provided however*, that the Fixed Rate Euro Notes, Fixed Rate Dollar Notes and Floating Rate Notes shall be treated as a single class for all purposes, including in respect of any amendment, waiver or other modification of this Indenture or any other action by the holders of the Notes hereunder except with respect to certain reserved matters provided for in Article 9.

ARTICLE 2
THE NOTES

Section 2.01 *Form and Dating.*

(a) *General.*

The Notes and the certificates of authentication will be substantially in the form of **Exhibit A** hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage and as provided herein. The Issuer shall approve the form of the Notes and any notation, legend or endorsement thereon. Each Note will be dated the date of its authentication. The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and the Issuer, Wind, as a Guarantor, and the Trustee or Authenticating Agent, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes.*

Notes issued in global form will be substantially in the form of **Exhibit A** hereto (including the Global Note Legend thereon and a “Schedule of Exchanges of Interests in the Global Note” substantially in the form of **Schedule A** attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions and purchases and cancellations. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian or the Common Depositary, in accordance with written instructions given by the Holder thereof as required by Section 2.06.

(c) *144A Global Notes and Regulation S Global Notes.*

Fixed Rate Dollar Notes sold within the United States to QIBs pursuant to Rule 144A under the U.S. Securities Act shall be issued initially in the form of a 144A Fixed Rate Dollar Global Note, which shall be deposited with the Custodian for DTC and registered in the name of Cede & Co., the nominee of DTC, duly executed by the Issuer and authenticated by the Trustee or the Authenticating Agents as hereinafter provided. The aggregate principal amount of the 144A Fixed Rate Dollar Global Note may from time to time be increased or decreased by adjustments made on **Schedule A** to each such Global Note, as hereinafter provided.

Fixed Rate Dollar Notes offered and sold in reliance on Regulation S shall be issued initially in the form of a Regulation S Fixed Rate Dollar Global Note, which shall be deposited with the Custodian for DTC and registered in the name of Cede & Co., the nominee of DTC, duly executed by the Issuer and authenticated by the Trustee or Authenticating Agent as hereinafter provided. The aggregate principal amount of the Regulation S Fixed Rate Dollar Global Note may from time to time be increased or decreased by adjustments made on **Schedule A** to each such Global Note, as hereinafter provided.

Fixed Rate Euro Notes sold within the United States to QIBs pursuant to Rule 144A under the U.S. Securities Act shall be issued initially in the form of a 144A Fixed Rate Euro Global Note, which shall be deposited with the Common Depositary as custodian for Euroclear and Clearstream, duly executed by the Issuer and authenticated by the Trustee or Authenticating Agent as hereinafter provided. The aggregate principal amount of the 144A Fixed Rate Euro Global Note may from time to time be increased or decreased by adjustments made on **Schedule A** to each such Global Note, as hereinafter provided.

Fixed Rate Euro Notes offered and sold in reliance on Regulation S shall be issued initially in the form of a Regulation S Fixed Rate Euro Global Note, which shall be deposited with the Common Depositary as custodian

for the Euroclear and Clearstream, duly executed by the Issuer and authenticated by the Trustee or Authenticating Agent as hereinafter provided. The aggregate principal amount of the Regulation S Fixed Rate Euro Global Note may from time to time be increased or decreased by adjustments made on Schedule A to each such Global Note, as hereinafter provided.

Floating Rate Notes sold within the United States to QIBs pursuant to Rule 144A under the U.S. Securities Act shall be issued initially in the form of a 144A Floating Rate Global Note, which shall be deposited with the Common Depositary as custodian for Euroclear and Clearstream, duly executed by the Issuer and authenticated by the Trustee or Authenticating Agent as hereinafter provided. The aggregate principal amount of the 144A Floating Rate Global Note may from time to time be increased or decreased by adjustments made on Schedule A to each such Global Note, as hereinafter provided.

Floating Rate Notes offered and sold in reliance on Regulation S shall be issued initially in the form of a Regulation S Floating Rate Global Note, which shall be deposited with the Common Depositary as custodian for the Euroclear and Clearstream, duly executed by the Issuer and authenticated by the Trustee or Authenticating Agent as hereinafter provided. The aggregate principal amount of the Regulation S Floating Rate Global Note may from time to time be increased or decreased by adjustments made on Schedule A to each such Global Note, as hereinafter provided.

(d) Definitive Registered Notes.

Definitive Registered Notes issued upon transfer of a Book-Entry Interest or a Definitive Registered Note, or in exchange for a Book-Entry Interest or a Definitive Registered Note, shall be issued in accordance with this Indenture.

Fixed Rate Dollar Definitive Registered Notes shall not be issued upon transfer of, or in exchange for, Fixed Rate Euro Book-Entry Interests, Fixed Rate Euro Definitive Registered Notes, Floating Rate Book-Entry Interests, or Floating Rate Definitive Registered Notes. Fixed Rate Euro Definitive Registered Notes shall not be issued upon transfer of, or in exchange for, Fixed Rate Dollar Book-Entry Interests, Fixed Rate Dollar Definitive Registered Notes, Floating Rate Book-Entry Interests, or Floating Rate Definitive Registered Notes. Floating Rate Definitive Registered Notes shall not be issued upon transfer of, or in exchange for, Fixed Rate Dollar Book-Entry Interests, Fixed Rate Dollar Definitive Registered Notes, Fixed Rate Euro Book-Entry Interests or Fixed Rate Euro Definitive Registered Notes.

Notes issued in definitive registered form will be substantially in the form of Exhibit A hereto (excluding the Global Note Legend thereon and the “Schedule of Exchanges of Interests in the Global Note” in the form of Schedule A attached thereto).

(e) Book-Entry Provisions.

The Applicable Procedures shall be applicable to Book-Entry Interests in the Global Notes that are held by Participants through DTC, Euroclear or Clearstream.

(f) Denomination.

The Dollar Notes shall be in denominations of \$200,000 and integral multiples of \$1,000 above \$200,000. The Euro Notes shall be in denominations of €100,000 and integral multiples of €1,000 above €100,000.

Section 2.02 *Execution and Authentication.*

(a) One member of the Issuer’s Board of Directors shall attest to the Notes for the Issuer by manual or facsimile signature.

(b) If a member of the Issuer's Board of Directors whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

(c) A Note shall not be valid until authenticated by the manual signature of the authorized signatory of the Trustee or the Authenticating Agent. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture. Notwithstanding the foregoing, if any Note shall have been authenticated and delivered hereunder but never issued and sold by the Issuer, and the Issuer shall deliver such Note to the Trustee for cancellation as provided for in Section 2.10.

(d) Pursuant hereto, the Trustee will or cause the Authenticating Agent to, upon receipt of a written order of the Issuer signed by one duly authorized Director of the Issuer and delivered to the Trustee (an "*Authentication Order*"), authenticate (i) Initial Notes in the form of Fixed Rate Dollar Global Notes or (ii) Fixed Rate Dollar Definitive Registered Notes from time to time issued only in exchange for a like aggregate amount of Fixed Rate Dollar Global Notes or Fixed Rate Dollar Definitive Registered Notes up to an aggregate principal amount of \$1,900,000,000, except as provided in Section 2.07 and Section 2.12, *provided* that the Trustee shall be entitled to receive an Officer's Certificate and an Opinion of Counsel of the Issuer in connection with such authentication of Notes. Such Officer's Certificate shall specify the amount of Fixed Rate Dollar Notes to be authenticated and the date on which the original issue of Fixed Rate Dollar Notes is to be authenticated. The aggregate principal amount of Fixed Rate Dollar Notes outstanding at any time may not exceed \$1,900,000,000, except as provided in Section 2.07 and Section 2.12.

(e) Pursuant hereto the Trustee will, upon receipt of an Authentication Order, authenticate (i) Initial Notes in the form of Fixed Rate Euro Global Notes or (ii) Fixed Rate Euro Definitive Registered Notes from time to time issued only in exchange for a like aggregate amount of Fixed Rate Euro Global Notes or Fixed Rate Euro Definitive Registered Notes up to an aggregate principal amount of €2,100,000,000 except as provided in Section 2.07 and Section 2.12, *provided* that the Trustee shall be entitled to receive an Officer's Certificate and an Opinion of Counsel of the Issuer in connection with such authentication of Notes. Such Officer's Certificate shall specify the amount of Fixed Rate Euro Notes to be authenticated and the date on which the original issue of Fixed Rate Euro Notes is to be authenticated. The aggregate principal amount of Fixed Rate Euro Notes outstanding at any time may not exceed €2,100,000,000 except as provided in Section 2.07 and Section 2.12.

(f) Pursuant hereto the Trustee will, upon receipt of an Authentication Order, authenticate (i) Initial Notes in the form of Floating Rate Global Notes or (ii) Floating Rate Definitive Registered Notes from time to time issued only in exchange for a like aggregate amount of Floating Rate Global Notes or Floating Rate Definitive Registered Notes up to an aggregate principal amount of €575,000,000 except as provided in Section 2.07 and Section 2.12, *provided* that the Trustee shall be entitled to receive an Officer's Certificate and an Opinion of Counsel of the Issuer in connection with such authentication of Notes. Such Officer's Certificate shall specify the amount of Floating Rate Notes to be authenticated and the date on which the original issue of Floating Rate Notes is to be authenticated. The aggregate principal amount of Floating Rate Notes outstanding at any time may not exceed €575,000,000 except as provided in Section 2.07 and Section 2.12.

(g) The Trustee may appoint one or more authentication agents (each, an "*Authenticating Agent*") acceptable to the Issuer to authenticate Notes. Such an agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Issuer. The Trustee hereby appoints Deutsche Bank Luxembourg S.A. as Authenticating Agent with respect to the Euro Notes (the "*Euro Notes Authenticating Agent*") and Deutsche Bank Trust Company Americas with respect to the Fixed Rate Dollar Notes (the "*Dollar Notes Authenticating Agent*"). Deutsche Bank Luxembourg S.A. and Deutsche Bank Trust Company Americas hereby each accept the respective appointment and the Issuer hereby confirms that such appointments are acceptable to it.

Section 2.03 *Paying Agent, Registrars and Transfer Agents.*

The Issuer will maintain one or more paying agents (each, a “*Paying Agent*”) for the Notes (the “*Principal Paying Agent*”), for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require. The Issuer will undertake to maintain a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48 EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive.

The Issuer initially appoints Deutsche Bank AG, London Branch in London, Deutsche Bank Trust Company Americas, in New York, and Deutsche Bank Luxembourg S.A., in Luxembourg, to act as Paying Agents.

The Issuer will also maintain one or more registrars (each, a “*Registrar*”). The Issuer will also maintain a transfer agent (each a “*Transfer Agent*”). The Registrar will maintain a register (the “*Register*”) reflecting ownership of Notes outstanding from time to time and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. The relevant Registrar will send a copy of the register to the Issuer on the Issue Date and promptly after any change to the register made by such Registrar, with such copy to be held by the Issuer at its registered office. For purposes of Luxembourg law, ownership of the Notes will be evidenced through registration from time to time at the registered office of the Issuer. In the case of discrepancy between the Register and the register kept by the Issuer at its registered office, the registrations in the register held by, and at the registered office of, the Issuer shall prevail for Luxembourg law purposes. Each Transfer Agent shall perform the functions of a transfer agent.

The Issuer initially appoints Deutsche Bank Luxembourg S.A. to act as Registrar and Transfer Agent in Luxembourg and Deutsche Bank Trust Company Americas to act as Registrar and Transfer Agent in New York. The Issuer will also maintain, for purposes of the Floating Rate Notes, a calculation agent. The initial Calculation Agent will be Deutsche Bank AG, London Branch.

The Issuer may change any Paying Agent, Calculation Agent, Registrar or Transfer Agent without prior notice to the Holders and shall provide notice of any change to the Trustee; *provided, however*, that in no event may the Issuer appoint a Principal Paying Agent in any member state of the European Union where the Principal Paying Agent would be obliged to withhold or deduct tax in connection with any payment made by it in relation to the Notes unless the Principal Paying Agent would be so obliged if it were located in all other member states. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Calculation Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the rules and regulations of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu), in accordance with Section 14.01.

Section 2.04 *Paying Agent to Hold Money.*

Each Paying Agent will hold for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, interest, premium and Additional Amounts, if any, on the Notes, and shall notify the Trustee of any Default by the Issuer in making any such payment. While any such Default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Issuer, Wind or a Subsidiary) shall have no further liability for the money. Upon any insolvency, bankruptcy or reorganization proceedings relating to the Issuer (including, without limitation, its bankruptcy (*faillite*), voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management

(*gestion contrôlée*), fraudulent conveyance (*action pauliana*), general settlement with creditors, reorganization or similar laws affecting the rights of creditors generally), the Trustee may serve as Paying Agent for the Notes.

Section 2.05 *Holder Lists.*

The Registrar shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Principal Paying Agent or the U.S. Paying Agent, U.S. Registrar and U.S. Transfer Agent is not the Registrar, the Issuer shall furnish to the Trustee and each Paying Agent at least seven Business Days before each interest payment date and at such other times as the Trustee or the Principal Paying Agent may request in writing, a list of the names and addresses of the Holders of Notes in such form and as of such date as the Trustee or the Principal Paying Agent may reasonably require.

Section 2.06 *Transfer and Exchange.*

(a) *Transfer and Exchange of Global Notes.*

A Fixed Rate Dollar Global Note may not be transferred except as a whole by a Depository to a Custodian or a nominee of such Custodian, by a Custodian or a nominee of such Custodian to such Depository or to another nominee or Custodian of such Depository, or by such Custodian or Depository or any such nominee to a successor Depository or Custodian or a nominee thereof.

A Fixed Rate Euro Global Note may not be transferred except as a whole by a Depository to a Common Depository or a nominee of such Common Depository, by a Common Depository or a nominee of such Depository to such Depository or to another nominee or Common Depository of such Depository, or by such Common Depository or Depository or any such nominee to a successor Depository or Common Depository or a nominee thereof.

A Floating Rate Global Note may not be transferred except as a whole by a Depository to a Common Depository or a nominee of such Common Depository, by a Common Depository or a nominee of such Depository to such Depository or to another nominee or Common Depository of such Depository, or by such Common Depository or Depository or any such nominee to a successor Depository or Common Depository or a nominee thereof.

All Fixed Rate Dollar Global Notes, Fixed Rate Euro Global Notes and Floating Rate Global Notes, respectively, will be exchanged by the Issuer for Fixed Rate Dollar Definitive Registered Notes, Fixed Rate Euro Definitive Registered Notes and Floating Rate Definitive Registered Notes, respectively:

- (i) if DTC, in respect of the Fixed Rate Dollar Global Notes, and Euroclear or Clearstream, in respect of the Fixed Rate Euro Global Notes and Floating Rate Global Notes, notify the Issuer that they are unwilling or unable to continue to act as Depository and a successor Depository is not appointed by the Issuer within 120 days;
- (ii) in whole, but not in part, if the Issuer or DTC, in respect of the Fixed Rate Dollar Global Notes, or Euroclear or Clearstream, in respect of the Fixed Rate Euro Global Notes and Floating Rate Global Notes, so request following a Default under this Indenture; or
- (iii) if the holder of a Book-Entry Interest requests such exchange in writing delivered through DTC, in respect of the Fixed Rate Dollar Global Notes, or through Euroclear or Clearstream, in respect of the Fixed Rate Euro Global Notes and Floating Rate Global Notes, following a Default by the Issuer under this Indenture.

Upon the occurrence of any of the preceding events in clauses (i) through (iii) above, the Issuer shall issue or cause to be issued Definitive Registered Notes in such names as the relevant Depository shall instruct the Trustee.

Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.09. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a). Book-Entry Interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b) or (c).

(b) General Provisions Applicable to Transfer and Exchange of Book-Entry Interests in the Global Notes.

Fixed Rate Dollar Book-Entry Interests cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, Fixed Rate Euro Book-Entry Interests, Fixed Rate Euro Definitive Registered Notes, Floating Rate Book-Entry Interests or Floating Rate Definitive Registered Notes. Fixed Rate Euro Book-Entry Interests cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, Fixed Rate Dollar Book-Entry Interests, Fixed Rate Dollar Definitive Registered Notes, Floating Rate Book-Entry Interests or Floating Rate Definitive Registered Notes. Floating Rate Book-Entry Interests cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, Fixed Rate Dollar Book-Entry Interests, Fixed Rate Dollar Definitive Registered Notes, Fixed Rate Euro Book-Entry Interests or Fixed Rate Euro Definitive Registered Notes. In all other cases, the transfer and exchange of Book-Entry Interests shall be effected through the relevant Depository, in accordance with the provisions of this Indenture and the Applicable Procedures.

Transfers of Book-Entry Interests shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the U.S. Securities Act. Transfers and exchanges of Book-Entry Interests for Book-Entry Interests also shall require compliance with either subparagraph (b)(i) or (b)(ii) below, as applicable, as well as either subparagraph (b)(iii) or (b)(iv) below, as applicable.

(i) Transfer of Book-Entry Interests in the Same Global Note. Fixed Rate Dollar Book-Entry Interests in a Fixed Rate Dollar Global Note may be transferred to Persons who take delivery thereof in the form of a Fixed Rate Dollar Book-Entry Interest in a Fixed Rate Dollar Global Note, Fixed Rate Euro Book-Entry Interests in a Fixed Rate Euro Global Note may be transferred to Persons who take delivery thereof in the form of a Fixed Rate Euro Book-Entry Interest in a Fixed Rate Euro Global Note, and Floating Rate Book-Entry Interests in a Floating Rate Global Note may be transferred to Persons who take delivery thereof in the form of a Floating Rate Book-Entry Interest in a Floating Rate Global Note, in each case in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided, however*, that prior to the expiration of the Restricted Period, Book-Entry Interests in the Regulation S Global Notes will be limited to persons that have accounts with DTC, Euroclear or Clearstream or persons who hold interests through DTC, Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during the Restricted Period unless such resale or transfer is made pursuant to Rule 144A. No written orders or instructions shall be required to be delivered to the Trustee to effect the transfers described in this Section 2.06(b)(i).

(ii) All Other Transfers and Exchanges of Book-Entry Interests in Global Notes. A holder may transfer or exchange a Book-Entry Interest in Global Notes in a transaction not subject to Section 2.06(b)(i) above only if the Trustee receives either:

(A) both:

(1) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing such Depository to credit or cause to be credited a Book-Entry Interest in another Global Note in an amount equal to the Book-Entry Interest to be transferred or exchanged; and

(2) instructions given by the Depository in accordance with the Applicable Procedures containing information regarding the Participant's account to be credited with such increase; or

(B) both:

(1) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing such Depository to cause to be issued a Definitive Registered Note in an amount equal to the Book-Entry Interest to be transferred or exchanged; and

(2) instructions given by the Depositary to the Registrar containing information specifying the identity of the Person in whose name such Definitive Registered Note shall be registered to effect the transfer or exchange referred to in (1) above, the principal amount of such securities and the CUSIP, ISIN, Common Code or other similar number identifying the Notes,

provided that any such transfer or exchange is made in accordance with the transfer restrictions set forth in the Private Placement Legend.

(iii) *Transfer of Book-Entry Interests to Another Global Note.* A Book-Entry Interest in any Global Note may be transferred to a Person who takes delivery thereof in the form of a Book-Entry Interest in another Global Note if the transfer complies with the requirements of Section 2.06(b)(ii) above and the Trustee receives the following:

(A) if the transferee will take delivery in the form of a Book-Entry Interest in a 144A Global Note, then the transferor must deliver either a certificate in the form of **Exhibit B** hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a Book-Entry Interest in a Regulation S Global Note, then the transferor must deliver a certificate in the form of **Exhibit B** hereto, including the certifications in item (2) thereof.

(c) *Transfer or Exchange of Book-Entry Interests in Global Notes for Definitive Registered Notes.* Book-Entry Interests in a Fixed Rate Dollar Global Note cannot be exchanged for, or transferred to persons who take delivery thereof in the form of, a Fixed Rate Euro Definitive Registered Note or a Floating Rate Definitive Registered Note. Book-Entry Interests in a Fixed Rate Euro Global Note cannot be exchanged for, or transferred to persons who take delivery thereof in the form of, a Fixed Rate Dollar Definitive Registered Note or a Floating Rate Definitive Registered Note. Book-Entry Interests in a Floating Rate Global Note cannot be exchanged for, or transferred to persons who take delivery thereof in the form of, a Fixed Rate Dollar Definitive Registered Note or a Fixed Rate Euro Definitive Registered Note. If any holder of a Book-Entry Interest in a Global Note proposes to exchange such Book-Entry Interest for a Definitive Registered Note or to transfer such Book-Entry Interest to a Person who takes delivery thereof in the form of a Definitive Registered Note, then, upon receipt by the Trustee and the Registrar of the following documentation:

(A) if the holder of such Book-Entry Interest in a Global Note proposes to exchange such Book-Entry Interest for a Definitive Registered Note, a certificate from such holder in the form of **Exhibit C** hereto, including the certifications in item (1) thereof;

(B) if such Book-Entry Interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in **Exhibit B** hereto, including the certifications in item (1) thereof;

(C) if such Book-Entry Interest is being transferred in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in **Exhibit B** hereto, including the certifications in item (2) thereof; or

(D) if such Book-Entry Interest is being transferred to the Issuer or any of its Subsidiaries, a certificate to the effect set forth in **Exhibit B** hereto, including the certifications in item (3) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g), and the Issuer shall execute and the Trustee or the Authenticating Agent shall authenticate and deliver to the Person designated in the instructions a Definitive Registered Note in the appropriate principal amount. Any Definitive Registered Note issued in exchange for a Book-Entry Interest in a Global Note pursuant to this Section 2.06(c) shall be registered by the Registrar in such name or names and in such authorized denomination or denominations as the holder of such Book-Entry Interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Registrar shall deliver such Definitive Registered Notes to the Persons in whose names such Notes are so registered. Any

Definitive Registered Note issued in exchange for a Book-Entry Interest in a Global Note pursuant to this Section 2.06(c) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(d) Transfer and Exchange of Definitive Registered Notes for Book-Entry Interests in the Global Notes. Fixed Rate Dollar Definitive Registered Notes cannot be exchanged for, or transferred to persons who take delivery thereof in the form of, Book-Entry Interests in a Fixed Rate Euro Global Note or a Floating Rate Global Note. Fixed Rate Euro Definitive Registered Notes cannot be exchanged for, or transferred to persons who take delivery thereof in the form of, Book-Entry Interests in a Fixed Rate Dollar Global Note or a Floating Rate Global Note. Floating Rate Definitive Registered Notes cannot be exchanged for, or transferred to persons who take delivery thereof in the form of, Book-Entry Interests in a Fixed Rate Dollar Global Note or a Fixed Rate Euro Global Note. If any Holder of a Definitive Registered Note proposes to exchange such Note for a Book-Entry Interest in a Global Note or to transfer such Definitive Registered Notes to a Person who takes delivery thereof in the form of a Book-Entry Interest in a Global Note, then, upon receipt by the Trustee and the Registrar of the following documentation:

(A) if the Holder of such Definitive Registered Note proposes to exchange such Note for a Book-Entry Interest in a Global Note, a certificate from such Holder in the form of **Exhibit C** hereto, including the certifications in item (2) thereof;

(B) if such Definitive Registered Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in **Exhibit B** hereto, including the certifications in item (1) thereof;

(C) if such Definitive Registered Note is being transferred in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in **Exhibit B** hereto, including the certifications in item (2) thereof;

(D) if such Definitive Registered Note is being transferred to the Issuer or any of its Subsidiaries, a certificate to the effect set forth in **Exhibit B** hereto, including the certifications in item (3) thereof; and

the Trustee will cancel the Definitive Registered Note, and the Trustee will increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Global Note, in the case of clause (B) above, the appropriate 144A Global Note, in the case of clause (C) above, the appropriate Regulation S Global Note, and in the case of clause (D) above, the appropriate 144A Global Note.

(e) Transfer and Exchange of Definitive Registered Notes for Definitive Registered Notes.

Fixed Rate Dollar Definitive Registered Notes cannot be exchanged for, or transferred to persons who take delivery thereof in the form of, Fixed Rate Euro Definitive Registered Notes or Floating Rate Definitive Registered Notes. Fixed Rate Euro Definitive Registered Note cannot be exchanged for, or transferred to persons who take delivery thereof in the form of, Fixed Rate Dollar Definitive Registered Notes or Floating Rate Definitive Registered Notes. Floating Rate Definitive Registered Note cannot be exchanged for, or transferred to persons who take delivery thereof in the form of, Fixed Rate Dollar Definitive Registered Notes or Fixed Rate Euro Definitive Registered Notes.

In all other cases, upon request by a Holder of Definitive Registered Notes, and such Holder's compliance with the provisions of this Section 2.06(e), the Transfer Agent or the Registrar will register the transfer or exchange of Definitive Registered Notes of which registration the Issuer will be informed of by the Transfer Agent or the Registrar (as the case may be). Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Transfer Agent or the Registrar the Definitive Registered Notes duly endorsed and accompanied by a written instruction of transfer in a form satisfactory to the Transfer Agent or the Registrar duly executed by such Holder or its attorney, duly authorized to execute the same in writing. In the event that the Holder of such Definitive Registered Notes does not transfer the entire principal amount of Notes

represented by any such Definitive Registered Note, the Transfer Agent or the Registrar will cancel or cause to be cancelled such Definitive Registered Note and the Issuer (who has been informed of such cancellation) shall execute and the Trustee or the Authenticating Agent shall authenticate and deliver to the requesting Holder and any transferee Definitive Registered Notes in the appropriate principal amounts. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

Any Definitive Registered Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Definitive Registered Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of **Exhibit B** hereto, including the certifications in item (1) thereof; and

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of **Exhibit B** hereto, including the certifications in item (2) thereof.

(f) *Legends.* The following legends shall appear on the face of all Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) *Private Placement Legend:* Each Global Note and each Definitive Registered Note (and all Notes issued in exchange therefor or in substitution thereof) shall bear the legend in substantially the following form:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE “**RESALE RESTRICTION TERMINATION DATE**”) WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT (“**RULE 144A**”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER’S AND THE TRUSTEE’S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR

TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

TRANSFERS OF THIS NOTE IN THE REPUBLIC OF ITALY ARE ONLY PERMITTED IN COMPLIANCE WITH LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998, IN PARTICULAR, WITH ARTICLE 100-BIS THEREOF, AND WITH CONSOB IMPLEMENTING REGULATION NO. 11971/1999 AND NO. 16190/2007, IN EACH CASE AS AMENDED FROM TIME TO TIME.

(ii) *Global Note Legend.* Each Global Note shall bear a legend in substantially the following form:

“THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE TRANSFERRED OR EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE AND (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.10 OF THE INDENTURE.”

(g) *Cancellation and/or Adjustment of Global Notes.* At such time as all Book-Entry Interests in a particular Global Note have been exchanged for Definitive Registered Notes or a particular Global Note has been redeemed, repurchased or cancelled in whole and not in part, each such Global Note shall be returned to or retained and cancelled by the Trustee in accordance with Section 2.10. At any time prior to such cancellation, if any Book-Entry Interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a Book-Entry Interest in another Global Note or for Definitive Registered Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee, the Custodian or the Common Depositary, at the direction of the Trustee, to reflect such reduction; and if the Book-Entry Interests is being exchanged for or transferred to a Person who will take delivery thereof in the form of a Book-Entry Interests in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Custodian or the Common Depositary at the direction of the Trustee to reflect such increase.

(h) *General Provisions Relating to Transfers and Exchanges.*

(i) To permit registrations of transfers and exchanges, the Issuer shall execute and the Trustee or the Authenticating Agent shall authenticate Global Notes and Definitive Registered Notes upon receipt of an Authentication Order in accordance with Section 2.02 or at the Registrar's request.

(ii) No service charge shall be made by the Issuer or the Registrar to a holder of a Book-Entry Interest in a Global Note, a Holder of a Global Note or a Holder of a Definitive Registered Note for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any stamp duty, stamp duty reserve, documentary or other similar tax or governmental charge that may be imposed in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.09, 3.06, 4.10, 4.15 and 9.04).

(iii) No Transfer Agent or Registrar shall be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Registered Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Registered Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Registered Notes surrendered upon such registration of transfer or exchange.

(v) The Issuer shall not be required to register the transfer into its register kept at its registered office of any Definitive Registered Notes: (A) for a period of 15 calendar days prior to any date fixed for the redemption of the Notes under Section 3.03; (B) for a period of 15 calendar days immediately prior to the date fixed for selection of Notes to be redeemed in part; (C) for a period of 15 calendar days prior to the record date with respect to any interest payment date; or (D) which the registered Holder of Notes has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer. Any such transfer will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

(vi) The Trustee, any Agent and the Issuer may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of, interest, and premium and Additional Amounts, if any, on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuer shall be affected by notice to the contrary.

(vii) All certifications, certificates and Opinions of Counsel required to be submitted to the Issuer, the Trustee or the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted initially by facsimile with originals to be delivered promptly thereafter to the Trustee.

(i) *Limitation on Transfers and Exchanges between Fixed Rate Global Notes and Floating Rate Global Notes.* Notwithstanding any provision of this Indenture: (i) no Book-Entry Interest in any Fixed Rate Global Note and no Fixed Rate Definitive Registered Note may be transferred or exchanged for any Book-Entry Interest in any Floating Rate Global Note or any Floating Rate Definitive Registered Note, and (ii) no Book-Entry Interest in any Floating Rate Global Note and no Floating Rate Definitive Registered Note may be transferred or exchanged for any Book-Entry Interest in any Fixed Rate Global Note or any Fixed Rate Definitive Registered Note.

Section 2.07 *Replacement Notes.*

(a) If any mutilated Note is surrendered to the Registrar, the Trustee or the Issuer and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Issuer shall issue and the Trustee, upon receipt of an Authentication Order, shall authenticate or cause the Authenticating Agent to authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Issuer, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Issuer to protect the Issuer, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Issuer may charge the Holder for its expenses in replacing a Note, including reasonable fees and expenses of counsel.

(b) Every replacement Note is an additional obligation of the Issuer and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

(c) The provisions of this Section 2.07 are exclusive and preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or wrongfully taken Notes.

Section 2.08 *Outstanding Notes.*

The Notes outstanding at any time shall be the Notes that fall within the definition of "outstanding" contained in Section 1.01.

Section 2.09 *Temporary Notes.*

(a) Until certificates representing Notes are ready for delivery, the Issuer may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate or cause the Authenticating Agent to authenticate temporary Notes. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Issuer considers appropriate for temporary Notes and as such shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuer shall prepare and the Trustee or the Authenticating Agent shall authenticate definitive Notes in exchange for temporary Notes.

(b) Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

Section 2.10 *Cancellation.*

The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar, each Paying Agent and any Transfer Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee or, at the direction of the Trustee, the Registrar or the Paying Agent (other than the Issuer or a Subsidiary) and no one else shall cancel Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy canceled Notes (subject to the record retention requirement of the U.S. Exchange Act). Certification of the destruction of all canceled Notes shall be delivered to the Issuer following a written request from the Issuer. The Issuer may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation. The Issuer undertakes to promptly inform the Luxembourg Stock Exchange (as long as the Notes are admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange) on any such cancellation.

Section 2.11 *Defaulted Interest.*

If the Issuer defaults in a payment of interest on the Notes, it shall, unless the Trustee fixes another record date pursuant to Section 6.10, pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, which special record date shall be the fifteenth day next preceding the date fixed by the Issuer, in each case at the rate provided in the Notes and in Section 4.01. The Issuer shall notify the Trustee as soon as practicable in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Issuer shall fix or cause to be fixed each such special record date and payment date, *provided* that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Issuer (or, upon the written request of the Issuer, the Trustee in the name and at the expense of the Issuer) shall deliver to the Holders in accordance with Section 14.01 a notice that states the special record date, the related payment date and the amount of such interest to be paid. The Issuer undertakes to promptly inform the Luxembourg Stock Exchange (as long as the Notes are admitted to trading on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange) on any such cancellation.

Section 2.12 *Further Issues.*

(a) Subject to compliance with Section 4.09, the Issuer may from time to time issue Additional Notes ranking *pari passu* with each of the Fixed Rate Dollar Notes, the Fixed Rate Euro Notes and the Floating Rate Notes, respectively, and with the same terms as to status, redemption and otherwise as such Notes (save for payment of interest accruing prior to the issue date of such Additional Notes or for the first payment of interest following the issue date of such Additional Notes). The Additional Notes of each series will be consolidated and treated as a single class for all purposes under this Indenture, including, without limitation, waivers, amendments, redemptions, and offers to purchase (except with respect to certain reserved matters provided for in Article 9).

(b) Whenever it is proposed to create and issue any Additional Notes, the Issuer shall give to the Trustee not less than 10 Business Days' notice in writing of its intention so to do stating the amount of Additional Notes proposed to be created and issued.

Section 2.13 *Computation of Interest.*

Interest on the Fixed Rate Dollar Notes will accrue at the rate of 4.750% per annum and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest on the Fixed Rate Euro Notes will accrue at the rate of 4.000% per annum and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest on the Floating Rate Notes will accrue at a rate per annum (the “*Applicable Rate*”), reset quarterly, equal to EURIBOR plus 400 basis points, as determined by the Calculation Agent, and will be computed on the basis of a 360-day year and the actual number of days elapsed.

The Calculation Agent will, as soon as practicable after 11:00 a.m., Brussels time, on each Determination Date, determine the Applicable Rate, and calculate the aggregate amount of interest payable on the Floating Rate Notes in respect of the following Interest Period (the “*Interest Amount*”). The Interest Amount will be calculated by applying the Applicable Rate to the principal amount of the Floating Rate Notes outstanding at the commencement of the Interest Period, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 360.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 4.876545% (or 0.04876545) being rounded to 4.87655% (or 0.487655)). All euro amounts used in or resulting from such calculations will be rounded to the nearest euro cent (with one-half euro cent being rounded upwards). The determination of the Applicable Rate and the Interest Rate Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be binding on all parties.

The Calculation Agent will, upon the written request of the Holder of any Note, provide the interest rate then in effect with respect to the Floating Rate Notes. The rights of holders of beneficial interests in the Floating Rate Notes to receive the payments of interest on the Floating Rate Notes will be subject to applicable procedures of Euroclear and Clearstream, as applicable. The Applicable Rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by applicable law.

In certain circumstances, the Issuer may be required to pay additional amounts in cash on the Floating Rate Notes described in Section 4.19.

Set forth below are certain defined terms used in this Indenture relating to the calculation of interest on the Floating Rate Notes:

“*Determination Date*” means with respect to an Interest Period, the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

“*EURIBOR*” means with respect to an Interest Period, the rate (expressed as a percentage per annum) for deposits in euros for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Page EURIBOR01 as of 11:00 a.m. Brussels time, on the Determination Date. If Reuters Page EURIBOR01 does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the Euro-zone interbank market, as selected by the Calculation Agent, to provide such bank’s offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the Euro-zone interbank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Calculation Agent will request each of three major banks in London, as selected by the Calculation Agent, to provide such bank’s rate (expressed as a percentage per annum), as

of approximately 11:00 a.m., Brussels time, on such Determination Date, for loans in a Representative Amount in euros to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided, then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period.

“*Euro-zone*” means the region composed of member states of the European Union that at the relevant time have adopted the euro.

“*Interest Period*” means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and exclude October 15, 2014.

“*Representative Amount*” means the greater of (a) €1.0 million and (b) an amount that is representative for a single transaction in the relevant market at the relevant time.

“*Reuters Page EURIBOR01*” means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

“*TARGET Settlement Day*” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

Section 2.14 *CUSIP, ISIN or Common Code Number.*

The Issuer in issuing the Notes may use a “CUSIP”, “ISIN” or “Common Code” number and, if so, such CUSIP, ISIN or Common Code number shall be included in notices of redemption or exchange as a convenience to Holders; *provided*, however, that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP, ISIN or Common Code number printed in the notice or on the Notes, and that reliance may be placed only on the other identification numbers printed on the Notes.

The Issuer will promptly notify the Trustee of any change in the CUSIP, ISIN or Common Code number.

ARTICLE 3 REDEMPTION AND PREPAYMENT

Section 3.01 *Notices to Trustee.*

If the Issuer elects to redeem Notes of any series pursuant to the optional redemption provisions of Section 3.07, it shall deliver to the Trustee (with a copy to the Paying Agent) in accordance with Section 14.01, at least 10 days but not more than 60 days before a redemption date, or more than 60 days prior to a redemption date if such redemption is in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 13, an Officer’s Certificate setting forth:

- (i) the clause of this Indenture pursuant to which the redemption shall occur;
- (ii) the redemption date and the record date;
- (iii) the principal amount of Notes of such series to be redeemed;
- (iv) the redemption price; and
- (v) the CUSIP, ISIN and or Common Code numbers of the Notes of such series, as applicable.

Section 3.02 *Selection of Notes to Be Redeemed.*

If less than all of the Fixed Rate Dollar Notes, the Fixed Rate Euro Notes or the Floating Rate Notes, as the case may be, are to be redeemed at any time, the applicable Registrar on behalf of the Trustee will select the Notes for redemption on a *pro rata* basis or by lot unless otherwise required by law or applicable depository or stock exchange requirements. Neither the Trustee nor the applicable Registrar will be liable for selections made by it in accordance with this Section 3.02.

No Euro Notes of €100,000 or less or Dollar Notes of \$200,000 or less can be redeemed in part. If the Issuer elects to redeem the Notes, it shall deliver an Officer's Certificate to the Trustee (copying the Paying Agent) notifying the Trustee and the Paying Agent of the proposed redemption date, the principal amount of Notes to be redeemed and the provisions on which the Issuer relies to redeem. Notices of redemption will be mailed by first class mail by (or on behalf of) the Issuer at least 10 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture. Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. At the Issuer's request, the Trustee shall give the notice of redemption in the Issuer's name and at its expense in accordance with Section 14.01; *provided, however*, that the Issuer shall have delivered to the Trustee, at least 45 days prior to the redemption date, an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in Section 3.03(b).

Notices of purchase or redemption shall be given to each Holder pursuant to Section 14.01.

If any Euro Note or Dollar Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. In the case of certified Notes, a new Euro Note or Dollar Note, as the case may be, in principal amount equal to the unredeemed portion of the original Euro Note or Dollar Note, as applicable, will be issued in the name of the Holder of Notes upon cancellation of the original Note, as applicable. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

In relation to Definitive Registered Notes, a new Note in principal amount equal to the unpurchased or unredeemed portion of any Note purchased or redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Note. On or after any purchase or redemption date, unless the Issuer defaults in payment of the purchase or redemption price, interest shall cease to accrue on Notes or portions thereof tendered for purchase or called for redemption.

Section 3.03 *Notice of Redemption.*

(a) At least 10 days but not more than 60 days before a redemption date, the Issuer shall deliver, pursuant to Section 14.01, a notice of redemption to each Holder whose Notes are to be redeemed (and a copy of such notice of redemption shall be delivered to the Trustee pursuant to Section 14.01), except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 13. For Notes which are represented by global certificates held on behalf of Euroclear, Clearstream or DTC, notices may be given by delivery of the relevant notices to Euroclear or Clearstream or DTC for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, any such notice to the Holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent permitted by such rules, posted on the official website of the Luxembourg Stock Exchange

(*www.bourse.lu*) and, in connection with any redemption, the Issuer will forthwith notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding. Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

(b) The notice shall identify the Notes to be redeemed and corresponding CUSIP, ISIN or Common Code numbers, as applicable, and shall state:

(i) the redemption date and the record date;

(ii) the redemption price and the amount of accrued interest, if any, and Additional Amounts, if any to be paid;

(iii) if any Global Note is being redeemed in part, the portion of the principal amount of such Global Note to be redeemed and, that after the redemption date upon surrender of such Global Note, the principal amount thereof will be decreased by the portion thereof redeemed pursuant thereto;

(iv) if any Definitive Registered Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed, and that, after the redemption date, upon surrender of such Note, a new Definitive Registered Note or Definitive Registered Notes in principal amount equal to the unredeemed portion thereof shall be issued in the name of the Holder thereof upon cancellation of the Definitive Registered Note;

(v) the name and address of the Paying Agent(s) to which the Notes are to be surrendered for redemption;

(vi) that Notes called for redemption must be surrendered to the relevant Paying Agent to collect the redemption price, plus accrued and unpaid interest, if any, and Additional Amounts, if any;

(vii) that, unless the Issuer defaults in making such redemption payment, interest, and Additional Amounts, if any, on Notes called for redemption cease to accrue on and after the redemption date;

(viii) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(ix) that no representation is made as to the correctness or accuracy of the CUSIP, ISIN or Common Code numbers, if any, listed in such notice or printed on the Notes.

(c) At the Issuer's request, the Trustee shall give the notice of redemption in the Issuer's name and at its expense in accordance with Section 14.01; *provided, however*, that the Issuer shall have delivered to the Trustee, at least 45 days prior to the redemption date, an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in Section 3.03(b).

Section 3.04 *Effect of Notice of Redemption.*

Once notice of redemption is given in accordance with Section 3.03 and Section 14.01, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price stated in the notice. A notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. On and after a redemption date, interest shall cease to accrue on such Notes or portion of them called for redemption.

Section 3.05 *Deposit of Purchase or Redemption Price.*

(a) On the Business Day prior to the purchase or redemption date, the Issuer shall deposit with the Principal Paying Agent (or, if requested by the Trustee, the Trustee) money in U.S. Dollars with respect to the Dollar Notes or euro with respect to the Euro Notes sufficient to pay the redemption price of, and accrued interest, premium and Additional Amounts (if any) on, all Notes to be redeemed on that date. The Trustee or Principal Paying Agent shall promptly return to the Issuer any money deposited with the Trustee or Principal Paying

Agent, as applicable, by the Issuer in excess of the amounts necessary to pay the redemption price of, and accrued interest on, and any Additional Amounts with respect to, all Notes to be purchased or redeemed.

(b) If the Issuer complies with the provisions of Section 3.05(a), on and after the redemption date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after a record date for the payment of interest but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Issuer to comply with the Section 3.05(a), interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not so paid, in each case at the rate provided in the Notes and Section 4.01.

Section 3.06 *Notes Redeemed in Part.*

Upon surrender of a Definitive Registered Note that is redeemed in part, the Issuer shall issue and, upon the Issuer's written request, the Trustee or the Authenticating Agent shall authenticate for (and in the name of) the Holder at the expense of the Issuer a new Note equal in principal amount to the unredeemed portion of the Note surrendered; *provided* that any Fixed Rate Dollar Definitive Registered Note shall be in a principal amount of \$200,000 or an integral multiple of \$1,000 above \$200,000 and any Fixed Rate Euro Definitive Registered Note and any Floating Rate Definitive Registered Note shall be in a principal amount of €100,000 or an integral multiple of €1,000 above €100,000.

Section 3.07 *Optional Redemption.*

(a) At any time prior to July 15, 2016, the Issuer may, on one or more occasions redeem, during each 12-month period commencing with the Issue Date, up to 10% of the then outstanding aggregate principal amount of the Fixed Rate Euro Notes and up to 10% of the then-outstanding aggregate principal amount of the Fixed Rate Dollar Notes, upon not less than 10 nor more than 60 days' prior written notice to the holders, at a redemption price equal to 103% of the principal amount of Fixed Rate Euro Notes and/or Fixed Rate Dollar Notes redeemed, as applicable, plus accrued and unpaid interest and Additional Amounts, if any, on the Fixed Rate Euro Notes and/or the Fixed Rate Dollar Notes redeemed, as applicable, to the applicable date of redemption, subject to the rights of holders of the Fixed Rate Euro Notes and/or the Fixed Rate Dollar Notes, as applicable, on the relevant record date to receive interest due on the relevant interest payment date.

(b) At any time prior to July 15, 2016, the Issuer may, at its option, on any one or more occasions redeem up to 35% of the aggregate principal amount of Fixed Rate Notes (including any Additional Fixed Rate Notes) issued under this Indenture at a redemption price of 104.000% of the principal amount for Fixed Rate Euro Notes and at a redemption price of 104.750% of the principal amount for Fixed Rate Dollar Notes, plus accrued and unpaid interest and Additional Amounts (if any) then due to the redemption date, with the net cash proceeds of any Equity Offering of common stock or ordinary shares of (1) Wind or (2) any Parent Holdco of Wind to the extent the proceeds from such Equity Offering are contributed to Wind's common equity capital or are paid to Wind as consideration for the issuance of common stock or ordinary shares of Wind or as Subordinated Shareholder Debt; *provided* that:

(i) at least 65% of the aggregate principal amount of the Fixed Rate Euro Notes and at least 65% of the aggregate principal amount of the Fixed Rate Dollar Notes originally issued under this Indenture (excluding Fixed Rate Notes held by the Issuer, Wind and their respective Affiliates) remains outstanding immediately after the occurrence of such redemption; and

(ii) the redemption occurs within 120 days of the date of the closing of the relevant Equity Offering.

(c) At any time prior to July 15, 2016, the Issuer may at its option also redeem all or a part of the Fixed Rate Euro Notes and/or the Fixed Rate Dollar Notes, as the case may be, upon not less than 10 nor more than 60 days'

notice, pursuant to Section 3.03 and Section 14.01 at a redemption price equal to 100% of the principal amount of Fixed Rate Notes redeemed plus the Applicable Premium (calculated as of a date no more than three Business Days prior to the date of the relevant redemption notice) as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of Holders of the Fixed Rate Notes on the relevant record date to receive interest due on the relevant interest payment date).

(d) Except pursuant to subsections (a) and (b) of this Section 3.07 or as set forth in Section 3.08, the Notes will not be redeemable at the Issuer's option prior to July 15, 2016. On or after July 15, 2016, the Issuer may at its option redeem all or a part of the Fixed Rate Euro Notes and/or the Fixed Rate Dollar Notes, as the case may be, upon not less than 10 nor more than 60 days' notice, delivered to each Holder pursuant to Section 3.03 and Section 14.01 at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and all Additional Amounts (if any) then due on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on July 15 of the years indicated below, subject to the rights of Holders of Fixed Rate Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Fixed Rate Euro Notes	Fixed Rate Dollar Notes
2016	102.000%	102.375%
2017	101.000%	101.188%
2018 and thereafter	100.000%	100.000%

(e) Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Fixed Rate Notes or portions thereof called for redemption on the applicable redemption date.

(f) At any time prior to July 15, 2015, the Issuer may at its option also redeem all or a part of the Floating Rate Notes upon not less than 10 nor more than 60 days' notice, pursuant to Section 3.03 and Section 14.01 at a redemption price equal to 100% of the principal amount of Floating Rate Notes redeemed plus the Applicable Floating Rate Note Premium (calculated as of a date no more than three Business Days prior to the date of the relevant redemption notice) as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of Holders of the Floating Rate Notes on the relevant record date to receive interest due on the relevant interest payment date.

(g) Except pursuant to subsection (f) of this Section 3.07, the Floating Rate Notes will not be redeemable at the Issuer's option prior to July 15, 2015. On or after July 15, 2015, the Issuer may at its option redeem all or a part of the Floating Rate Notes upon not less than 10 nor more than 60 days' notice, delivered to each Holder pursuant to Section 3.03 and Section 14.01 at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and all Additional Amounts (if any) then due on the Floating Rate Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on July 15 of the years indicated below, subject to the rights of Holders of Floating Rate Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Floating Rate Notes
2015 and thereafter	100.000%

(h) Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Floating Rate Notes or portions thereof called for redemption on the applicable redemption date.

(i) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through Section 3.06.

(j) Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Section 3.08 *Redemption for Changes in Withholding Taxes.*

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice of redemption to the Holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in Section 3.03 and Section 14.01), at a redemption price equal to the principal amount thereof, together with accrued and unpaid interest to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of Holders of the Notes on the relevant record date to receive interest due on the relevant Interest Payment Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Issuer is or would be required to pay Additional Amounts, and the Issuer cannot avoid any such payment obligation by taking reasonable measures available, as a result of:

- (i) any change in, or amendment to, the laws or treaties (or any regulations, or rulings promulgated thereunder) of a relevant Tax Jurisdiction affecting taxation which change or amendment has not been publicly announced as formally proposed before and which becomes effective on or after the date of this Indenture (or, if the relevant Tax Jurisdiction has been added since the date of this Indenture, the date on which that relevant Tax Jurisdiction became a Tax Jurisdiction under this Indenture); or
- (ii) any change in, or amendment to, the existing official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice), which change, amendment, application or interpretation has not been publicly announced as formally proposed before and becomes effective on or after the date of this Indenture (or, if the relevant Tax Jurisdiction has been added since the date of this Indenture, the date on which that relevant Tax Jurisdiction became a Tax Jurisdiction under this Indenture).

The Issuer will not give any such notice of redemption earlier than 90 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes were then due. Notwithstanding the foregoing, the Issuer may not redeem the Notes under this provision if the relevant Tax Jurisdiction became a Tax Jurisdiction after the date of this Indenture and the Issuer is obligated to pay any Additional Amounts as a result of a change in, or an amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder), or any change in or amendment to, any official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings, of that relevant current Tax Jurisdiction which, at the time such Tax Jurisdiction became a Tax Jurisdiction under this Indenture, was publicly announced as formally proposed. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing and in accordance with Section 3.03, the Issuer will deliver to the Trustee an opinion of internationally recognized tax counsel, reasonably satisfactory to the Trustee, to the effect that there has been such change or amendment and otherwise in compliance with Section 14.04. In addition, before the Issuer publishes or mails notice of redemption of the Notes pursuant to the foregoing and in accordance with Section 3.03, it will deliver to the Trustee an Officer's Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the Holders. For the avoidance of doubt, the implementation of European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing, or complying with, or introduced in order to conform to, such directive will not be a change or amendment for such purposes.

Section 3.09 *Mandatory Redemption.*

The Issuer shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

Section 3.10 *Offer to Purchase by Application of Excess Proceeds.*

(a) In the event that, pursuant to Section 4.10, the Issuer is required to commence an offer to all Holders to purchase Notes (an “*Asset Sale Offer*”), it will follow the procedures specified in this Section 3.10.

(b) The Issuer (or a Guarantor on the Issuer’s behalf) will commence each Asset Sale Offer within 25 days after the date on which the Excess Proceeds exceed €35.0 million by delivering the notice required pursuant to Section 3.10(d). The Asset Sale Offer shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the “*Offer Period*”). No later than five Business Days after the termination of the Offer Period (the “*Purchase Date*”), the Issuer shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.10 (the “*Offer Amount*”) or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Asset Sale Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.

(c) If the Purchase Date is on or after a record date for the payment of interest and on or before the related payment date, any accrued and unpaid interest shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no interest shall be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

(d) Upon the commencement of an Asset Sale Offer, the Issuer shall deliver a notice to the Trustee and each of the Holders pursuant to Section 14.01. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(i) that the Asset Sale Offer is being made pursuant to this Section 3.10 and the length of time the Asset Sale Offer shall remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Note not tendered or accepted for payment shall continue to accrue interest;

(iv) that, unless the Issuer defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Purchase Date;

(v) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in integral multiples of \$1,000 or €1,000 only, as the case may be (provided that Fixed Rate Dollar Notes of \$200,000 or less or Euro Notes of €100,000 or less may only be redeemed in whole and not in part);

(vi) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender the Note, with the form entitled “Option of Holder to Elect Purchase” on the reverse of the Note completed, or transfer by book-entry transfer through the facilities of the Depository, to the account of the Issuer, or the Paying Agent specified in the notice at least one Business Day before the Purchase Date;

(vii) that Holders shall be entitled to withdraw their election if the Issuer, the depository or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(viii) that, if the aggregate principal amount of Notes and other *Pari Passu* Indebtedness surrendered by Holders exceeds the Offer Amount, the Issuer will select the Notes and other *Pari Passu* Indebtedness to be purchased as provided in Section 4.10 (with such adjustments as may be deemed appropriate by the Issuer so that only Notes in denominations of \$1,000 or €1,000, or integral multiples thereof, as the case may be, will be purchased (provided that Fixed Rate Dollar Notes of \$200,000 or less or Euro Notes of €100,000 or less may only be redeemed in whole and not in part)); and

(ix) that Holders whose Definitive Registered Notes were purchased only in part shall be issued new Definitive Registered Notes equal in principal amount to the unpurchased portion of the Notes.

(e) On or before the Purchase Date, the Issuer shall, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and shall deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this Section 3.10. The Paying Agent shall promptly (but in any case not later than five days after the Purchase Date) deliver to each tendering Holder in the manner specified in the Notes an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Issuer for purchase. In connection with any purchase of Global Notes pursuant hereto, the Trustee shall endorse such Global Notes to reflect the decrease in principal amount of such Global Note resulting from such purchase. In connection with any partial purchase of Definitive Registered Notes, the Issuer shall promptly issue a new Definitive Registered Note, and the Trustee, upon written request from the Issuer shall authenticate and mail or deliver such new Definitive Registered Note to the tendering Holder, in a principal amount equal to any unpurchased portion of the Definitive Registered Note surrendered. Any Note tendered but not accepted shall be promptly mailed or delivered by the Issuer to the Holder thereof. The Issuer shall publicly announce and inform the Luxembourg Stock Exchange (for as long as the Notes (if any) are admitted to trading on the Euro MTF Market and listed on the official listing of the Luxembourg Stock Exchange) of the results of the Asset Sale Offer on the Purchase Date.

(f) Other than as specifically provided in this Section 3.10, any purchase pursuant to this Section 3.10 shall be made pursuant to the provisions of Sections 3.01 through 3.06.

ARTICLE 4 COVENANTS

Section 4.01 *Payment of Notes.*

No later than 10:00 am local time in the jurisdiction where the relevant Paying Agent is based on the due date of the principal, premium, if any, and interest on any Notes, the Issuer shall deposit in an account with the relevant Paying Agent money in immediately payable funds sufficient to pay any such principal, premium, if any, and interest so becoming due on the due date for payment under the Notes and subject to receipt of such money, the relevant Paying Agent shall make payment on the Notes in accordance with this Indenture. The Issuer shall pay or cause to be paid the principal of, interest and premium and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes. Principal, interest, premium and Additional Amounts, if any, shall be considered paid on the date due if the Principal Paying Agent, receives such payment in the manner provided in the Notes. Principal, premium, if any, Additional Amounts, if any, and interest shall be considered paid on the date due if the Issuer holds, in an account with the Paying Agent, if other than the Issuer or a Subsidiary thereof, on the Business Day prior to the due date, money deposited by the Issuer in immediately available funds and designated for and sufficient to pay all principal, premium, Additional Amounts, if any, and interest then due.

Principal of, interest, premium and Additional Amounts, if any, on Global Notes will be payable at the corporate trust office or agency of the Principal Paying Agent maintained in the City of London for such purposes, at the corporate trust office or agency of the Paying Agent maintained in the Borough of Manhattan, City of New York, for such purposes and, for as long as any Notes are admitted to trading on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange, at the office of the Paying Agent appointed in Luxembourg. All payments on the Global Notes will be made by transfer of immediately available funds to an account of the Holder of the Global Notes in accordance with instructions given by that Holder.

Principal of, interest, premium and Additional Amounts, if any, on any Definitive Registered Notes will be payable at the corporate trust office or agency of any Paying Agent in any location required to be maintained for such purposes pursuant to Section 2.03. In addition, interest on Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the Register for such Definitive Registered Notes.

The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful. The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

Section 4.02 *Maintenance of Office or Agency.*

The Issuer shall maintain the offices and agencies specified in Section 2.03. The Issuer shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the corporate trust office of the Trustee.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency as required by Section 2.03. The Issuer shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Issuer hereby designates the corporate trust office of the Trustee (the address of which is specified in Section 14.01) as one such office or agency of the Issuer in accordance with Section 2.03.

Section 4.03 *Reports and Other Information.*

(a) So long as any Notes are outstanding, the Issuer and Wind shall provide the Trustee (who, at the expense of the Issuer, will furnish by mail to the Holders, Common Depository, Euroclear, Clearstream and DTC) for the benefit of the Holders of Notes:

(i) within 120 days after the end of the Issuer's and Wind's fiscal year, annual reports containing the following information with a level of detail that is substantially comparable and similar in scope to the Offering Memorandum: (1) audited consolidated balance sheet of the Issuer and Wind, respectively, as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer and Wind, respectively, for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (2) *pro forma* income statement and balance sheet information, together with explanatory footnotes, for any material acquisitions or dispositions (including, without limitation, any acquisitions or disposition that, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, represent greater than 20% of the consolidated revenues, EBITDA, or assets of the Issuer and Wind, respectively, on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates; (3) an operating and financial review of the audited financial statements, including a discussion of the results of operations including a discussion of subscribers, churn, ARPU and traffic and a breakout of revenue and EBITDA between the mobile and fixed-line business, financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (4) a description of the industry, business, management and shareholders of the Issuer and Wind, all material affiliate transactions, Indebtedness and material financing arrangements and a description of all material contractual arrangements, including material debt instruments; and (5) risk factors and material recent developments;

(ii) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Issuer and Wind, respectively, quarterly reports containing the following information: (1) an unaudited

condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Issuer and Wind, respectively, together with condensed footnote disclosure; (2) *pro forma* income statement and balance sheet information, together with explanatory footnotes, for any material acquisitions or dispositions (including, without limitation, any acquisition or disposition that, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, represents greater than 20% of the consolidated revenues, EBITDA or assets of the Issuer and Wind, respectively, on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates; (3) an operating and financial review of the unaudited financial statements (including a discussion of subscribers, churn, ARPU and traffic and a breakout of revenue and EBITDA between the mobile and fixed-line businesses), including a discussion of the consolidated financial condition and results of operations of Wind and any material change between the current quarterly period and the corresponding period of the prior year; (4) material developments in the business of Wind and its Subsidiaries; (5) financial developments and trends in the business in which Wind and its Subsidiaries are engaged; and (6) material recent developments and any material changes to the risk factors disclosed in the most recent annual report with respect to the Issuer and Wind, respectively; and

(iii) promptly after the occurrence of (1) a material acquisition, disposition or restructuring (including any acquisition or disposition that would require the delivery of *pro forma* financial information pursuant to clauses (i) or (ii) above), (2) any senior management change at the Issuer and Wind, respectively, (3) any change in the auditors of the Issuer and Wind, respectively, (4) any resignation of a member of the Board of Directors of the Issuer and Wind, respectively, as a result of a disagreement with the Issuer or Wind, respectively, (5) the entering into an agreement that will result in a Change of Control or (6) any material events that the Issuer or Wind, respectively, announces publicly, in each case, a report containing a description of such events.

(b) If Wind has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by Section 4.03(a) will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of Wind and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of Wind.

(c) For so long as any Notes remain outstanding and during any period during which Wind and the Issuer are not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), Wind and the Issuer will furnish to the holders of a beneficial interest in the Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

(d) The Issuer and Wind will also make available copies of all reports required by Section 4.03(a) (i) on Wind's website and (ii) if and so long as the Notes are listed on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, at the specified office of the Paying Agent in Luxembourg. Delivery of such reports, information and documents to the Trustee is for informational purposes only, and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer or Wind's compliance with any of their covenants hereunder (as to which the Trustee is entitled to conclusively rely exclusively on an Officer's Certificate).

(e) The Trustee shall have no obligation to determine if and when the Issuer's or Wind's statements or reports are publicly available and accessible electronically.

Section 4.04 *Compliance Certificate.*

(a) The Issuer and each Guarantor shall deliver to the Trustee, within 90 days after the end of each fiscal year (without the need for any request by the Trustee) and (at any time) within 21 days of a request by the Trustee therefor, an Officer's Certificate stating that a review of the activities of the Issuer, Wind and its Subsidiaries during the preceding fiscal year or, as the case may be, during the 12-month period ending on the date of such request, has been made under the supervision of the signing Officers with a view to determining whether each of the Issuer and Wind has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge each of the Issuer and Wind has kept, observed, performed and fulfilled each and every covenant made by it contained in this Indenture, and is not (and has not been since the date of the last such certificate, or if none, since the Issue Date) in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Issuer and/or such Guarantor is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of, interest, premium and Additional Amounts, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Issuer and/or Wind is taking or proposes to take with respect thereto.

(b) So long as not contrary to customary practice applicable to the Issuer's and Wind's independent auditors, the year-end financial statements delivered pursuant to Section 4.03(a) above shall be accompanied by a written statement of the Issuer's and Wind's independent public accountants (which shall be a firm of established international reputation) that in making the examination necessary for certification of such financial statements, nothing has come to their attention that would lead them to believe that the Issuer, Wind or its Restricted Subsidiaries has violated any provisions of Article 4 or Article 5 or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) The Issuer and each Guarantor shall, so long as any of the Notes are outstanding, deliver to the Trustee, upon any Officer becoming aware of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

Section 4.05 *Taxes.*

The Issuer and Wind shall pay, and Wind shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06 *Stay, Extension and Usury Laws.*

Each of the Issuer and the Guarantors covenants (to the extent that it may lawfully do so) that they shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and each of the Issuer and any Guarantor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Limitations on Restricted Payments*

(a) The Issuer and Wind will not, and Wind will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of Wind's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving Wind or any of its Restricted Subsidiaries) or to the direct or indirect holders of Wind's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of Wind and other than dividends or distributions payable to Wind or a Restricted Subsidiary of Wind);

(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving Wind) any Equity Interests of Wind or any direct or indirect parent of Wind;

(iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value (a) any Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among Wind and any of its Restricted Subsidiaries) (other than intercompany Indebtedness owed to the Issuer which is subordinated pursuant to the Priority Agreement) and (b) the 2014 HY Senior Notes and any Permitted Refinancing Indebtedness incurred under Clause (4) of the definition of Permitted Debt to the extent such Permitted Refinancing Indebtedness is incurred in respect of the 2014 HY Senior Notes, except a payment of interest or principal (other than with respect to Subordinated Shareholder Debt) at the Stated Maturity thereof or the purchase, redemption, defeasance or other acquisition or retirement of any such subordinated obligations (other than with respect to Subordinated Shareholder Debt) purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, redemption, defeasance or other acquisition or retirement; or

(iv) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (i) through (iv) above being collectively referred to as "*Restricted Payments*"), unless, at the time of and after giving effect to such Restricted Payment:

(i) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(ii) Wind would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Consolidated Leverage Ratio test set forth in Section 4.09(a); and

(iii) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Wind and its Restricted Subsidiaries since the date of this Indenture (excluding Restricted Payments permitted by clauses (ii), (iii), (iv), (vi), (vii), (viii)(a), (viii)(b), (xii), (xvi), (xvii) and (xviii) of Section 4.07(b); *provided* that the maximum exclusion under clause (viii)(b) shall be €20.0 million per annum), is less than the sum, without duplication, of:

(A) 50% of the Consolidated Net Income of Wind for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing July 1, 2014 to the end of Wind's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(B) 100% of the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received by Wind since the date of this Indenture as a contribution to its common equity capital or from the issue or sale of Equity Interests of Wind (other than Disqualified Stock or Excluded Contributions) or from the issue or sale since the date of this Indenture of convertible or

exchangeable Disqualified Stock or convertible or exchangeable debt securities of Wind or any Restricted Subsidiary of Wind that have been converted into or exchanged for such Equity Interests of Wind (other than (i) Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of Wind or (ii) Excluded Contributions) or from Subordinated Shareholder Debt; *plus*

(C) to the extent that any Restricted Investment that was made after the date of this Indenture is sold for cash and/or Cash Equivalents or otherwise liquidated or repaid for cash and/or Cash Equivalents, the lesser of (i) the cash return of capital with respect to such Restricted Investment (including any Cash Equivalents less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment; *plus*

(D) to the extent that any Unrestricted Subsidiary of Wind designated as such after the date of this Indenture is redesignated as a Restricted Subsidiary after the date of this Indenture, the lesser of (i) the Fair Market Value of Wind's Investment in such Subsidiary as of the date of such redesignation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the date of this Indenture; *plus*

(E) 100% of any dividends or distributions received by Wind or a Restricted Subsidiary of Wind after the date of this Indenture from an Unrestricted Subsidiary of Wind, to the extent that such dividends were not otherwise included in the Consolidated Net Income of Wind for such period.

Notwithstanding the foregoing, any amounts (such amounts, the "Excluded Amounts") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to the preceding clause (iii) will be excluded to the extent (i) such amounts result from the receipt of net cash proceeds or property or marketable securities received in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control pursuant to the definition thereof, (ii) the purpose of, or the effect of, the receipt of such net cash proceeds or property or assets or marketable securities was to reduce the Consolidated Leverage Ratio so that there would be an occurrence of a Specified Change of Control Event that would not have been achieved without the receipt of such net cash proceeds or property or assets or marketable securities and (iii) no Change of Control Offer is made in connection with such Change of Control in accordance with the requirements of this Indenture.

(b) The provisions of Section 4.07(a) will not prohibit:

(i) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of this Indenture;

(ii) the making of any Restricted Payment in exchange for, upon conversion of or out of the net cash proceeds of the sale within 30 days prior to such payment (other than to a Subsidiary of Wind) of, Equity Interests of Wind (other than Disqualified Stock or Excluded Amounts) or Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity or ordinary share capital to Wind; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from Section 4.07(a)(iii)(B), will not constitute Excluded Contributions and will not be considered to be net cash proceeds from a Public Equity Offering for purposes of Section 3.07;

(iii) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor (other than Subordinated Shareholder Debt) that is referred to Section 4.07(a)(iii):

(A) in exchange for, or with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness;

(B) to the extent that the Consolidated Senior Secured Leverage Ratio of Wind on the date of such Restricted Payment and after giving *pro forma* effect thereto (and to any related transactions) does not exceed 3.0 to 1.0; or

(C) from the Net Proceeds from the sale of any Towers Infrastructure;

(iv) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of Wind to the holders of its Equity Interests then entitled to participate in such dividends on a *pro rata* basis;

(v) the purchase, repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Wind or any Restricted Subsidiary of Wind held by any current or former officer, director or employee of Wind or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, compensation, retirement, disability, severance or benefit plan or arrangement, stock option or incentive plan or agreement, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed €7.5 million in any twelve-month period with unused amounts being carried over to any subsequent twelve-month period subject to a maximum aggregate amount of €15.0 million being available in any twelve-month period;

(vi) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(vii) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of Wind or Preferred Stock of any Restricted Subsidiary of Wind issued on or after the date of this Indenture in accordance with the Consolidated Leverage Ratio test set forth in Section 4.09;

(viii) so long as no Default has occurred and is continuing or would be caused thereby, (a) Permitted Maintenance Payments; and (b) Permitted Wind Telecom Management Payments;

(ix) so long as no Default has occurred and is continuing or would be caused thereby, following a Public Equity Offering that results in a Public Market of the Capital Stock of Wind or any Parent Holdco of Wind, the payment of dividends on the Capital Stock of Wind up to 6% per annum of the net cash proceeds received by Wind in any such Public Equity Offering or any subsequent public offering of such Capital Stock, or the net cash proceeds of any such Public Equity Offering or subsequent public offering of such Capital Stock of any Parent Holdco of Wind that are contributed in cash to Wind's equity (other than through the issuance of Disqualified Stock or Excluded Amounts); *provided*, that if such Public Equity Offering was of Capital Stock of a Parent Holdco of Wind, the net proceeds of any such dividend are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of such Parent Holdco;

(x) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer, Wind or any of its Restricted Subsidiaries that (i) is contractually subordinated to the Notes or any Note Guarantee or (ii) constitutes the 2014 HY Senior Notes, in either case, upon a Change of Control or an Asset Sale to the extent required by this Indenture or any agreement or instrument pursuant to which such subordinated Indebtedness was issued, but only if the Issuer (a) in the case of a Change of Control, has first purchased all Notes validly tendered and not withdrawn in the Change of Control Offer contemplated in Section 4.15 or (b) in the case of an Asset Sale, has first purchased all Notes validly tendered and not withdrawn in the Asset Sale Offer contemplated in Section 3.10;

(xi) the repurchase, redemption, or other acquisition for value (including, for the avoidance of doubt, cash payments in lieu of fractional shares) of Capital Stock of Wind representing fractional shares of such Capital Stock in connection with a share dividend, share distribution, share split, reverse share split, merger, consolidation, amalgamation or other business combination of Wind or such Restricted Subsidiary, in each case, as permitted under this Indenture; *provided* that such share dividend, share distribution, share split, reverse share split, merger, consolidation, amalgamation or other business combination is undertaken in good faith and not in anticipation of, or to facilitate the payment of, any dividend or other return of capital to the holders of, such Capital Stock;

(xii) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (xii);

(xiii) the redemption of Preferred Stock of a Restricted Subsidiary of Wind out of cash or the net cash proceeds of the incurrence within 45 days prior to such redemption of Indebtedness of Wind or a Restricted Subsidiary of Wind which Indebtedness is permitted to be incurred under this Indenture;

(xiv) so long as no Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed €75.0 million since the date of this Indenture;

(xv) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, any Restricted Payment; *provided* that the Consolidated Leverage Ratio on a *pro forma* basis after giving effect to any such dividend, distribution, advance, loan or other payment does not exceed 4.0 to 1.0;

(xvi) any Restricted Payment made in connection with any amendment and/or extension and/or offset and/or discharge (including by way of exchange, sale or substitution) or any other action in relation to the Wind Telecom Loan provided that no cash may be made by Wind or any Restricted Subsidiary as part of such Restricted Payment;

(xvii) the making of any Restricted Payment (including via an Investment) as part of a Cash Distribution (which for the avoidance of doubt will not permit any Restricted Payments not also permitted by the 2013 Indenture and the 2014 HY Senior Notes Indenture); and

(xviii) payment of Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing.

(c) The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Wind or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this covenant will be determined by the Board of Directors of Wind.

Section 4.08 *Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.*

(a) The Issuer and Wind will not, and Wind will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of (1) Wind to make payments to, or make loans or advances to, the Issuer or (2) any Restricted Subsidiary of Wind to:

(i) pay dividends or make any other distributions on its Capital Stock to Wind or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to Wind or any of its Restricted Subsidiaries;

(ii) make loans or advances to Wind or any of its Restricted Subsidiaries; or

(iii) sell, lease or transfer any of its properties or assets to Wind or any of its Restricted Subsidiaries.

(b) However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of or with respect to:

(i) agreements and instruments (including agreements or instruments governing Existing Indebtedness and Credit Facilities (including the Priority Agreement)) as in effect on the date of this Indenture and any amendments, extensions, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, extensions, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such agreements and instruments on the date of this Indenture;

(ii) this Indenture and the Notes, the Note Guarantees and the Security Documents and any amendments, extensions, restatements, modifications, renewals, supplements, refundings, replacements or

refinancings of those agreements; *provided* that the amendments, extensions, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such agreements and instruments on the date of this Indenture;

(iii) applicable law, rule, regulation, or order or governmental license, permit or concession with respect to the operation of a Permitted Business;

(iv) any agreement or instrument (including agreement and instruments governing Indebtedness) or Capital Stock of a Person or assets acquired by Wind or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired and any amendments, extensions, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, extensions, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in the corresponding agreement on the date of such acquisition; *provided further* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

(v) customary non-assignment provisions in leases, contracts and licenses entered into by Wind and its Restricted Subsidiaries in the ordinary course of business;

(vi) purchase money obligations for property acquired in the ordinary course of business, Capital Lease Obligations and mortgage financings that impose restrictions on the property purchased or leased of the nature described in Section 4.08(a)(iii);

(vii) any agreement for the sale or other disposition of Equity Interests or property or assets of a Restricted Subsidiary of Wind (including by way of merger, consolidation, amalgamation or combination) that restricts the disposition of such Equity Interests, property or assets pending the sale or other disposition;

(viii) any agreement or instrument relating to Indebtedness permitted to be incurred after the Issue Date under Section 4.09 if the restriction and encumbrances contained in the relevant agreements governing such Indebtedness are (a) either (1) no more restrictive or (2) not materially less favorable to the Holders of the Notes, taken as a whole and determined in good faith by the Board of Directors of Wind, than the dividends and other payment restrictions contained in the Credit Agreement and the Priority Agreement, in each case, as in effect on the Issue Date, and (b) either (1) the final Stated Maturity of the Indebtedness is prior to the final Stated Maturity of the Notes or (2) such Indebtedness permits principal payments to be made to the Issuer to fund the repayment of the Notes at final Stated Maturity;

(ix) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(x) Liens permitted to be incurred under the provisions of Section 4.12 that limit the right of the debtor to dispose of the assets subject to such Liens;

(xi) provisions limiting the disposition or distribution of assets, property or Equity Interests in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements entered into with the approval of Wind's Board of Directors, which limitation is applicable only to the assets, property or Equity Interests that are the subject of such agreements;

(xii) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into by Wind and its Restricted Subsidiaries in the ordinary course of business; and

(xiii) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of an Officer or the Board of Directors of Wind, are necessary or advisable to effect such Qualified Receivables Financing.

Section 4.09 *Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock*

(a) The Issuer and Wind will not, and Wind will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or guarantee (collectively, “*incur*”) any Indebtedness (including Acquired Debt), and Wind will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of Preferred Stock; *provided, however*, that (1) Wind may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and (2) the Issuer and any other Restricted Subsidiary of Wind that is a Guarantor may incur Indebtedness (including Acquired Debt) or issue Preferred Stock, in each case, if on the date of such incurrence or issuance and on a *pro forma* basis (including a *pro forma* application of the Net Proceeds therefrom) the Consolidated Leverage Ratio of Wind is less than 5.0 to 1.0.

(b) Sections 4.09(a) will not prohibit the incurrence of any of the following items of Indebtedness (collectively, “*Permitted Debt*”):

(i) the incurrence by the Issuer, Wind or any other Restricted Subsidiary of Wind that is a Guarantor of Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (i) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Issuer, Wind and Wind’s other Restricted Subsidiaries thereunder) not to exceed in aggregate the total of €2,955 million (subject to Section 4.09(d)), *less* the aggregate amount of all Net Proceeds of Asset Sales applied by the Issuer, Wind or any of Wind’s other Restricted Subsidiaries since the Issue Date to repay any Indebtedness under Credit Facilities incurred pursuant to this Section 4.09(b)(i) and effect a corresponding commitment reduction thereunder pursuant to Section 4.10(b)(i);

(ii) the incurrence by the Issuer, Wind and Wind’s other Restricted Subsidiaries of Existing Indebtedness outstanding on the Issue Date after giving *pro forma* effect to the use of proceeds from the issuance of the Notes (including, for avoidance of doubt, the Fixed Rate Notes issued on the Issue Date, the 2013 Indenture Senior Secured Notes and the 2014 HY Senior Notes, but excluding the Floating Rate Notes issued on the Issue Date);

(iii) the incurrence by the Issuer, Wind or any of Wind’s other Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of design, construction, lease, installation or improvement of property (real or personal), plant or equipment used or useful in the business of the Issuer, Wind or any of Wind’s other Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred in exchange for, or the net proceeds of which were used to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (iii), in an aggregate amount at any time outstanding not to exceed the greater of (i) €250.0 million and (ii) 1.5% of Consolidated Total Assets;

(iv) the incurrence by the Issuer, Wind or any of Wind’s other Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under Section 4.09(a) or clauses (ii), (iv), or (xiv) of this Section 4.09(b);

(v) the incurrence by the Issuer, Wind or any of Wind’s other Restricted Subsidiaries of intercompany Indebtedness between or among the Issuer, Wind and any of Wind’s other Restricted Subsidiaries; *provided, however*, that:

(A) if any Guarantor or the Issuer is the obligor on such Indebtedness and the payee is not a Guarantor or the Issuer, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the relevant Note Guarantee or the Issuer’s obligations under the Notes, as the case may be; and

(B) (1) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer, Wind or any other Restricted Subsidiary of

Wind and (2) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer, Wind or any other Restricted Subsidiary of Wind, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer, Wind or any other Restricted Subsidiary of Wind, as the case may be, that was not permitted by this clause (v);

(vi) the issuance by the Issuer or any of Wind's other Restricted Subsidiaries to Wind or by the Issuer or any of Wind's other Restricted Subsidiaries to the Issuer or any of Wind's other Restricted Subsidiaries of shares of Preferred Stock; *provided, however*, that:

(A) any subsequent issuance or transfer of Equity Interests that results in any such Preferred Stock being held by a Person other than the Issuer, Wind or any other Restricted Subsidiary of Wind; and

(B) any sale or other transfer of any such Preferred Stock to a Person that is not either Wind, the Issuer or any other Restricted Subsidiary of Wind,

will be deemed, in each case, to constitute an issuance of such Preferred Stock by the Issuer or such other Restricted Subsidiary that was not permitted by this clause (vi);

(vii) the incurrence by the Issuer, Wind or any of Wind's other Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes;

(viii) the guarantee by the Issuer, Wind or any other Restricted Subsidiary of Wind of Indebtedness of the Issuer, Wind or any other Restricted Subsidiary of Wind that was permitted to be incurred by another provision of this Section 4.09; *provided* that if either (i) the Indebtedness being guaranteed is subordinated in right of payment to the Notes or any Note Guarantee or (ii) the guarantee relates to either the 2014 HY Senior Notes or any Permitted Refinancing Indebtedness incurred under clause (4) of this paragraph in respect of Indebtedness initially outstanding under the 2014 HY Senior Notes and the 2014 HY Senior Notes Indenture, then, in either case, such guarantee shall be subordinated to the Notes or the Note Guarantee, as applicable, substantially to the same extent as the relevant Indebtedness guaranteed (or, in the case of guarantees of the 2014 HY Senior Notes or any Permitted Refinancing Indebtedness incurred in connection therewith, to the same extent as the guarantee by the Company of the 2014 HY Senior Notes);

(ix) the incurrence by the Issuer, Wind or any of Wind's other Restricted Subsidiaries of Indebtedness arising from (1) workers' compensation claims, self-insurance obligations, performance, surety, bid, judgment, appeal, advance payment, customs, VAT or other tax guarantees or other similar bonds, instruments or obligations and performance or completion bonds, guarantees and warranties provided by the Issuer, Wind or any of Wind's other Restricted Subsidiaries or relating to liabilities or obligations arising in the ordinary course of business and not in connection with the borrowing of money; (2) letters of credit, bankers' acceptances or other similar instruments or obligations issued or relating to liabilities or obligations in the ordinary course of business; *provided* that, upon demand being made under such reimbursement obligations, such demand is satisfied within five days of the date of such demand; and (3) the financing of insurance premiums in the ordinary course of business;

(x) the incurrence by the Issuer, Wind or any of Wind's other Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds, so long as such Indebtedness is extinguished or covered within five business days of Wind or the relevant Subsidiaries obtaining knowledge of such incurrence;

(xi) the incurrence by Wind of intercompany Indebtedness in the form of a loan from the Parent within 15 Credit Agreement Business Days of Wind becoming aware of, and for the purpose of curing, a breach of the financial covenants set forth in the Credit Agreement; *provided* that (1) the cure of such breach is permitted in such manner under the terms of the Credit Agreement; (2) the event of default arising from such breach under the relevant agreement will not be continuing after the loan has been made to Wind; (3) such Indebtedness is expressly subordinated in right of payment to any Intercompany Loan, the Notes and any Note Guarantee, may not be enforceable while the Notes or any Note Guarantee remains outstanding and is automatically cancelled upon any Default and (4) is, within 45 days after the date on which the consolidated quarterly financial statements of Wind to which the financial covenants relate were

provided to the facility or administrative agent under the Credit Agreement, either converted into shares of common stock or ordinary shares of Wind or refinanced out of the proceeds from the issuance of shares of common stock or ordinary shares of Wind, in either case, without any cash payment from the Issuer, Wind or any of Wind's other Restricted Subsidiaries;

(xii) the incurrence by the Issuer, Wind or any of Wind's other Restricted Subsidiaries of Indebtedness arising from agreements of the Issuer, Wind or any other Restricted Subsidiary of Wind providing for indemnification, earn-out, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of a Subsidiary, other than, for the avoidance of doubt, guarantees of Indebtedness of the Subsidiary disposed of, or incurred or assumed by any Person acquiring all or any portion of such business, assets or Capital Stock for the purpose of financing such acquisition; *provided* that the maximum liability of the Issuer, Wind and Wind's other Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer, Wind and Wind's other Restricted Subsidiaries in connection with such disposition;

(xiii) customer deposits and advance payments received from customers for goods and services purchased in the ordinary course of business;

(xiv) Indebtedness of any Restricted Subsidiary of Wind that is not a Guarantor or the Issuer existing at the time such Restricted Subsidiary is merged, consolidated, amalgamated or otherwise combined with or into or becomes a Restricted Subsidiary of Wind (but, for the avoidance of doubt, excluding any Indebtedness incurred in connection with, or in contemplation of, such Restricted Subsidiary merging, consolidating, amalgamating or otherwise combining with or into, or becoming a Restricted Subsidiary of, Wind); *provided*, however, with respect to this Section 4.09(b)(xiv), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (A) Wind would have been able to incur €1.00 of additional Indebtedness pursuant to Section 4.09(a) after giving effect to the incurrence of such Indebtedness pursuant to this Section 4.09(b)(xiv); or (B) the Consolidated Leverage Ratio of Wind would not be greater than it was immediately prior to giving effect to such acquisition or other transaction;

(xv) Indebtedness of the Issuer, Wind and Wind's other Restricted Subsidiaries owed to their employees in connection with loan stock issued under employee stock purchase plans (including of a Parent Holdco) so long as the aggregate principal amount of all such Indebtedness shall not exceed €5.0 million at any time outstanding;

(xvi) the incurrence by the Issuer, Wind or any of Wind's other Restricted Subsidiaries of additional Indebtedness (including Acquired Debt) in an aggregate principal amount (or accreted value, as applicable) at any time outstanding not to exceed the greater of (i) €200.0 million and (ii) 1.5% of Consolidated Total Assets; *provided* that no more than €25.0 million of which at any time outstanding may be incurred by Restricted Subsidiaries of Wind that are not a Guarantor or the Issuer;

(xvii) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing; and

(xviii) Indebtedness of the Issuer, Wind or any of Wind's other Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this Section 4.09(b)(xviii) and then outstanding, will not exceed 100% of the Net Proceeds received by Wind from the issuance or sale (other than to a Restricted Subsidiary of Wind) of its Subordinated Shareholder Debt or Capital Stock (other than Disqualified Stock, an Excluded Contribution or an Excluded Amount) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Excluded Amounts, or an Excluded Contribution) of Wind, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under Section 4.07(a) and Section 4.07(b)(ii) and (ix) to the extent the Issuer, Wind and Wind's other Restricted Subsidiaries incur Indebtedness in reliance thereon and

(ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this Section 4.09(b)(xviii) to the extent the Issuer, Wind or any of Wind's other Restricted Subsidiaries makes a Restricted Payment under Section 4.07(a) and Section 4.07(b)(ii) and (ix) in reliance thereon.

(c) For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness may only be incurred by a Guarantor, such Indebtedness may be incurred by a Restricted Subsidiary of Wind that is not a Guarantor so long as such Restricted Subsidiary either becomes a Guarantor or is merged with and into a Guarantor, in either case, within 90 days of such incurrence of Indebtedness.

(d) For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (i) through (xviii) of Section 4.09(b), or is entitled to be incurred pursuant to Section 4.09(a), the Issuer and Wind will be permitted to classify all or any portion of such item of Indebtedness on the date of its incurrence in any manner that complies with this Section 4.09 and, other than with respect to Indebtedness incurred under clause (i) of the definition of Permitted Debt in Section 4.09(b), to reclassify from time to time all or any portion of such item of Indebtedness in any manner that then complies with this Section 4.09. Indebtedness under the Credit Agreement outstanding on the date on which Notes are first issued and authenticated under this Indenture and the Floating Rate Notes issued on the Issue Date (and any Credit Facilities from time to time used to amend, restate, modify, renew, refund, replace or refinance such aggregate principal amount of Notes in whole or in part) will each initially be deemed to have been incurred on such date in reliance on the exception provided by clause (i) of the definition of Permitted Debt and may not be reclassified. The amount of Indebtedness deemed outstanding under Credit Facilities shall exclude any amounts of principal incurred in connection with any renewal, refund, refinancing, replacement, defeasance or discharge of any Credit Facilities to repay accrued interest on such Credit Facilities and the amount of all fees and expenses, including premiums, incurred in connection therewith. The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 4.09; *provided*, in each such case, that the amount of any such accrual, accretion or payment is included in Fixed Charges of Wind as accrued. Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that the Issuer, Wind or any other Restricted Subsidiary of Wind may incur pursuant to this Section 4.09 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

(e) The amount of any Indebtedness outstanding as of any date will be (without double counting):

(i) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(ii) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(iii) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(A) the Fair Market Value of such assets at the date of determination; and

(B) the amount of the Indebtedness of the other Person,

provided that for purposes of determining Consolidated Leverage or Consolidated Senior Secured Leverage for purposes of clauses (i) and (ii), such amount of Indebtedness outstanding shall be equal to the amount of such Indebtedness that appears as a liability on the consolidated balance sheet prepared in accordance with IFRS of Wind and its Restricted Subsidiaries after adjustment for financial assets and financial liabilities.

(f) For purposes of determining compliance with any euro-denominated restriction on the incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency will

be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility; *provided* that (1) if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than euros, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (2) notwithstanding clause (3) below, for the purposes of determining Consolidated Leverage or Consolidated Senior Secured Leverage, the Euro Equivalent of the principal amount of any such Indebtedness will be calculated as of the last date of the most recent quarterly period in the four quarter period for which such determination is being made; and (3) other than for purposes of clause (2) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date will be calculated based on the relevant currency exchange rate in effect on the Issue Date. For the avoidance of doubt, for the purpose of determining the Consolidated Leverage or Consolidated Senior Secured Leverage, if any Indebtedness is subject to a Currency Exchange Protection Agreement, any amount that would be payable by the Issuer, Wind or any other Restricted Subsidiary of Wind upon termination or close out under such a Currency Exchange Protection Agreement to the extent such termination or close out has not occurred will not be taken into account to the extent such Indebtedness for which such a Currency Exchange Protection Agreement relates is calculated pursuant to the Currency Exchange Protection Agreement

Section 4.10 *Asset Sales.*

(a) The Issuer and Wind will not, and Wind will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(i) Wind or such Restricted Subsidiary receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (including as to the value of all non-cash consideration) of the assets or Equity Interests issued or sold or otherwise disposed of as determined in good faith by the principal financial officer of Wind or, in the case of assets and Equity Interests having a value in excess of €15 million, as determined in good faith by the Board of Directors of Wind; and

(ii) at least 75% of the consideration received in the Asset Sale by Wind or such Restricted Subsidiary is in the form of cash and/or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on Wind's most recent consolidated balance sheet, of Wind or any Restricted Subsidiary (other than contingent liabilities, and liabilities (or the guarantees thereof) that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed or repaid by another Person in connection with such Asset Sale; *provided* that Wind or such Restricted Subsidiaries are released from further liability;

(B) any securities, notes or other obligations received by Wind or any such Restricted Subsidiary from such transferee that are converted into cash or Cash Equivalents within 45 days of receipt thereof; and to the extent of the cash or Cash Equivalents received in that conversion;

(C) any stock or assets of the kind referred to in clauses (ii) or (iv) of Section 4.10(b);

(D) any Designated Non-Cash Consideration received by Wind or any of its Restricted Subsidiaries in such Asset Sales having an aggregate Fair Market Value, when taken together with all other Designated Non-Cash Consideration received pursuant to this clause (D) that is at that time outstanding, not to exceed €25.0 million, measured at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and

(E) any combination of the foregoing.

(b) Within 365 days after the receipt of any Net Proceeds from an Asset Sale, Wind or any Restricted Subsidiary may:

(i)(A) apply the Net Proceeds to repay, prepay, redeem or purchase (a) (x) *Pari Passu* Indebtedness that is secured by a Permitted Collateral Lien that, to the extent such asset constitutes Collateral, ranks equal to or in priority to any Lien on such assets securing the Notes or this Indenture or (y) to the extent permitted by the Company's Credit Agreement, any HY Notes (as defined in the Priority Agreement) and any related refinancing costs (including, but not limited to fees (legal, accounting, agency or otherwise), consent fees, issue discount and hedging costs) from the Net Proceeds from the sale of any Towers Infrastructure, (b) Indebtedness that is secured by a Lien (other than a Permitted Collateral Lien) on the asset which is the subject of the Asset Sale and (c) with respect to assets of a Restricted Subsidiary that is not the Issuer or a Guarantor, Indebtedness of a Restricted Subsidiary that is not the Issuer or a Guarantor or (B) apply the Net Proceeds to (a) purchase the Notes pursuant to an offer made on a pro rata basis to all of the holders of Notes at a purchase price not less than 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (a "Notes Offer") or (b) redeem the Notes pursuant to the redemption provisions set forth in Section 3.07;

(ii) apply the Net Proceeds to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of assets or Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of Wind;

(iii) apply the Net Proceeds to make a capital expenditure;

(iv) apply the Net Proceeds to acquire other assets that are not classified as current assets under IFRS and that are used or useful in a Permitted Business;

(v) enter into a binding commitment to apply the Net Proceeds pursuant to clauses (ii), (iii), (iv) or (v) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period; or

(vi) apply the Net Proceeds in any combination of the foregoing.

Pending the final application of any Net Proceeds, Wind may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

(c) Any Net Proceeds from Asset Sales that are not applied or invested as provided in Section 4.10(b) will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds €35.0 million, within 25 days thereof, the Issuer (or a Guarantor on the Issuer's behalf) will make an Asset Sale Offer in accordance with the procedures set forth in Section 3.10, to all Holders of Notes and creditors under any other *Pari Passu* Indebtedness containing provisions similar to those set forth in this Section 4.10 with respect to offers to purchase or redeem with the proceeds of sales of assets (including for such purposes, the 2013 Indenture Senior Secured Notes), to purchase the maximum principal amount (on a *pro rata* basis) of Notes and such other *Pari Passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount of the Notes plus accrued and unpaid interest and Additional Amounts then due (if any) to the date of purchase and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer or Wind may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and other *Pari Passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee or the relevant Registrar will select the Notes to be purchased on a pro rata basis or by lot. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

(d) The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws, rules and regulations to the extent such laws or regulations are applicable in connection

with the repurchase of the Notes pursuant to an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.10, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.10 by virtue of such compliance.

Section 4.11 *Transactions with Affiliates.*

(a) The Issuer and Wind will not, and Wind will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of Wind (each, an “*Affiliate Transaction*”) involving aggregate payments or consideration in excess of €5.0 million, unless:

(i) the Affiliate Transaction is on terms that are no less favorable, taken as a whole, to Wind or the relevant Restricted Subsidiary than those that could reasonably have been obtained in a comparable arm’s length transaction by Wind or such Restricted Subsidiary with a Person who is not an Affiliate of Wind or any of its Restricted Subsidiaries; and

(ii) Wind delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €20.0 million, a resolution of the Board of Directors of Wind set forth in an Officer’s Certificate certifying that such Affiliate Transaction satisfies the criteria set forth in the preceding clause (i) and that such Affiliate Transaction has been approved by a majority of the members of the Board of Directors of Wind who are disinterested with respect to such transaction; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €30.0 million an opinion as to the fairness to Wind or such Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal, investment banking or valuation firm of international standing.

(b) The following items (including performance of agreements) will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a):

(i) any employment agreement, compensation, retirement, disability, severance, or other benefit plan or agreement, officer or director indemnification agreement, stock option or incentive plan or agreement, equity subscription agreement or any similar arrangement entered into by Wind or any of its Restricted Subsidiaries on behalf of directors, officers and employees in the ordinary course of business and payments pursuant thereto;

(ii) transactions between or among Wind and/or its Restricted Subsidiaries; *provided* that any transactions between Wind and/or its Restricted Subsidiaries (other than the Issuer) on the one hand, and the Issuer on the other hand, are on terms that are no less favorable, taken as a whole, to the Issuer than those that could reasonably have been obtained from a comparable arm’s length transaction by the Issuer with a Person who is not an Affiliate of the Issuer;

(iii) transactions with or for the benefit of a Person (other than an Unrestricted Subsidiary of Wind) that is an Affiliate of Wind solely because Wind or a Restricted Subsidiary of Wind either controls (including pursuant to a joint venture or shareholders agreement), can designate one or more Persons to the Board of Directors of or owns, directly or indirectly, an Equity Interest in such Person;

(iv) payment of reasonable directors’ fees and reimbursement of expenses to Persons who are not otherwise Affiliates of Wind;

(v) any issuance of Equity Interests (other than Disqualified Stock) of Wind to Affiliates of Wind or the incurrence of Subordinated Shareholder Debt by Wind;

(vi) Restricted Payments that do not violate Section 4.07 and any Permitted Investment (other than Permitted Investments described in clauses (3), (17), (18) and (19) of the definition thereof);

(vii) loans or advances (or cancellations thereof), or guarantees of loans, to employees, directors and officers in the ordinary course of business not to exceed €10.0 million in the aggregate at any one time outstanding;

(viii) the Wind Telecom Management Services Agreement (other than with respect to the payment of any amounts to Orascom Telecom Holding, S.A.E. or its Affiliates pursuant to the Wind Telecom Management Services Agreement);

(ix) Permitted Maintenance Payments, Permitted Weather Management Payments and Permitted Management Payments;

(x) arrangements with customers, suppliers, contractors, lessors or sellers of goods or services that are negotiated with an Affiliate and arrangements with WIS, Italia Online Srl and WI Newco, in each case, which are otherwise in compliance with the terms of this Indenture; *provided* that the terms and conditions of any such transaction or agreement as applicable to Wind and its Restricted Subsidiaries (1) are fair to Wind and its Restricted Subsidiaries and are on terms no less favorable to Wind and its Restricted Subsidiaries than those that could have reasonably been obtained in respect of an analogous transaction or agreement that would not constitute an Affiliate Transaction (in each case, as determined in good faith by the Board of Directors of Wind or the senior management of Wind), (2) the performance by Wind and any of its Restricted Subsidiaries in respect of any such arrangements are for its own behalf and in its own name and (3) Wind and its Restricted Subsidiaries do not assume, and are otherwise not liable for any performance or breach in respect of, any such arrangements by the relevant Affiliate;

(xi) loans or advances permitted by Section 4.09(b)(xi);

(xii) any (a) payments of interest, principal and other amounts owed by Wind or a Restricted Subsidiary of Wind in order to service Indebtedness (and refinancings thereof) owed to an Affiliate and (b) refinancings of such Indebtedness if (i) such Indebtedness is acquired or assumed in connection with an Asset Acquisition Transaction and (ii) such Affiliate is an Affiliate solely as a result of having acquired Equity Interests of the Parent in connection with its acquisition from a third-party; *provided* that the terms and conditions of the agreements and arrangements governing such Indebtedness and refinancings are fair to Wind and its Restricted Subsidiaries and are on terms no less favorable to Wind and its Restricted Subsidiaries than those that could have reasonably been obtained in respect of an analogous agreement or arrangement that would not constitute an Affiliate Transaction (in each case, as determined in good faith by the Board of Directors of Wind or the senior management of Wind);

(xiii) agreements and arrangements existing on the date of this Indenture and any amendment, modification or supplement thereto; *provided* that any such amendment, modification or supplement to terms thereof is not more disadvantageous to the Holders of the Notes and is no less favorable to Wind and its Restricted Subsidiaries (taken as a whole), in each case, in any material respect than the original agreement or arrangement as in effect on the date of this Indenture;

(xiv) the making of any Restricted Payment or Restricted Investment as part of a Cash Distribution, and the amendment, modification or supplement, including any waiver, maturity extension, set-off or discharge (including by way of exchange, sale or substitution), by Wind or any Restricted Subsidiary of any arrangement to such Restricted Payment or Restricted Investment;

(xv) any amendment, modification or supplement, including any waiver, maturity extension, set off or discharge (including by way of exchange, sale or substitution), by Wind or any Restricted Subsidiary of any arrangement connected to the Wind Telecom Loan provided that no actual transfer of cash may be made by Wind or any Restricted Subsidiary as part of such arrangement; and

(xvi) any transaction effected as part of a Qualified Receivables Financing.

Section 4.12 *Liens.*

(a) The Issuer and Wind will not, and Wind will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien (an “*Initial Lien*”) of any kind securing Indebtedness, except Permitted Liens upon any of their property or assets, now owned or hereafter acquired, except (1) in the case of any property or asset that does not constitute a Credit Support Asset, (i) Permitted Liens, or (ii) if such Lien is not a Permitted Lien, to the extent that all payments due under this Indenture, the Notes and any Note Guarantee are secured on either an equal and ratable basis or a priority basis with the obligations so secured (and if such obligations so secured are subordinated in right of payment to either the Notes or any Note Guarantee, on a priority basis) until such time as such obligations are no longer secured by a Lien and (2) in the case of any property or asset that constitutes a Credit Support Asset, Permitted Collateral Liens.

(b) Any Lien created for the benefit of the Holders of the Notes pursuant to Section 4.12(a) will be automatically and unconditionally released and discharged (i) upon the release and discharge of the Initial Lien or (ii) as set forth in Article 10.

Section 4.13 *Business Activities.*

The Issuer and Wind will not, and Wind will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses.

Section 4.14 *[Reserved].*

Section 4.15 *Offer to Repurchase Upon Change of Control.*

(a) If a Change of Control occurs, each Holder of Notes will have the right to require the Issuer to repurchase all or any part (in integral multiples of €1,000 for Euro Notes and \$1,000 for Dollar Notes; *provided* that Euro Notes of €100,000 or less or Dollar Notes of \$200,000 or less may only be redeemed in whole and not in part) of that Holder’s Notes pursuant to the offer described below (the “*Change of Control Offer*”). In the Change of Control Offer, the Issuer will offer a payment in cash (the “*Change of Control Payment*”) equal to 101% of the aggregate principal amount of Notes repurchased on the date of purchase plus accrued and unpaid interest and all Additional Amounts (if any) then due on the Notes repurchased to the date of purchase, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will mail a notice to each Holder of Notes describing the circumstances and/or facts that constitute the Change of Control and offering to repurchase Notes on the date (the “*Change of Control Payment Date*”) specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by this Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent Rule 14e-1 and those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of this Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of this Indenture by virtue of such compliance.

(b) On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(i) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the applicable Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer’s Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

(c) The applicable Paying Agent will promptly mail to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or its authenticating agent) or the Registrar will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce, and inform the Luxembourg Stock Exchange of, the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(d) The provisions of this Section 4.15 that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of this Indenture are applicable.

(e) The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) another Person makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to Section 3.03, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

(f) For Notes which are represented by global certificates held on behalf of Euroclear, Clearstream and/or DTC, notices may be given by delivery of the relevant notices to each of Euroclear, Clearstream and/or DTC for communication to be entitled account holders in substitution for the below mentioned mailing, publication or posting mechanism. If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Section 4.16 *Anti-Layering.*

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the relevant Note Guarantee (as applicable) and, if such Guarantor is Wind, the Initial Intercompany Loan, on substantially identical terms (or on more favorable terms); *provided*, however, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely (1) by virtue of being unsecured; (2) by virtue of being secured with different collateral; (3) by virtue of being secured on a junior priority basis; (4) by virtue of not being guaranteed; or (5) by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness under Credit Facilities.

Section 4.17 *Designation of Restricted and Unrestricted Subsidiaries.*

(a) The Board of Directors of Wind may designate any Restricted Subsidiary (other than the Issuer) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by Wind and its Restricted Subsidiaries in the Subsidiary designated as Unrestricted will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Section 4.07 or under one or more clauses of the definition of Permitted Investments, as determined by Wind. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of Wind may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

(b) Any designation of a Subsidiary of Wind as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.07. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of Wind as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09, Wind and the Issuer will be in default of such Section 4.09.

(c) The Board of Directors of Wind may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of Wind; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Wind of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 4.09, calculated on a *pro forma* basis to take account of such designation; and (2) no Default or Event of Default would be in existence following such designation.

Section 4.18 *Limitation on Issuances of Guarantees of Indebtedness.*

(a) Wind will not permit any of its Restricted Subsidiaries (other than the Issuer), directly or indirectly, to guarantee the payment of any other Indebtedness of the Issuer or a Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a Supplemental Indenture pursuant to Section 11.03 providing for the Note Guarantee of the payment of the Notes by such Restricted Subsidiary, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness.

(b) Notwithstanding Section 4.18(a), Wind shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes to the extent that the issuance of a Note Guarantee by such Restricted Subsidiary, would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to Wind or the Restricted Subsidiary; *provided* that Wind will procure that the relevant Restricted Subsidiary becomes a Guarantor at such time as such restriction would no longer apply to the providing of the Note Guarantee or no longer would prohibit such Restricted Subsidiary from becoming a Guarantor (or prevent Wind from causing such Restricted Subsidiary to become a Guarantor).

Section 4.19 *Additional Amounts; Annual Information Statement.*

(a) All payments made under or with respect to the Notes (whether or not in the form of Definitive Registered Notes) or with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of any jurisdiction in which the Issuer or any Guarantor (including any successor entity), is then incorporated, engaged in business or resident for tax purposes or any political subdivision thereof or therein or any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including, without limitation, the jurisdiction of any paying agent) (each, a "*Tax Jurisdiction*"), will at any time be required to be made from any payments made under or with respect to the Notes or with respect to any Note Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor or other payor, as applicable, will pay such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each Holder (including Additional Amounts) after such withholding, deduction or imposition will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

(i) any Taxes that would not have been imposed but for the holder or the beneficial owner of the Notes being a citizen or resident or national of, being incorporated in or carrying on a business, in the relevant Tax

Jurisdiction in which such Taxes are imposed or having any other present or former connection with the relevant Tax Jurisdiction other than the mere acquisition, holding, enforcement or receipt of payment in respect of the Notes or with respect to any Note Guarantee;

(ii) any Taxes that are imposed or withheld as a result of (i) a misrepresentation by any beneficial owner of the Notes in relation to its legal status or (ii) the failure of the holder or beneficial owner of the Note to comply, to the extent it is legally entitled, with any reasonable written request, made to that holder or beneficial owner in writing at least 90 days before any such withholding or deduction would be payable by the Issuer or the Guarantor, to provide timely and accurate information concerning the nationality, tax residence or identity of such Holder or beneficial owner or to make any valid and timely declaration or similar claim or satisfy any certification, information or other reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the relevant Tax Jurisdiction as a precondition to exemption from or reduction in all or part of such Taxes;

(iii) any Note presented for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(iv) any estate, inheritance, gift, sale, transfer, personal property or similar Taxes;

(v) any Taxes withheld, deducted or imposed on a payment to an individual and that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to, such Directive;

(vi) any Note presented for payment by or on behalf of a Holder of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;

(vii) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee; or

(viii) any combination of items (i) through (vii) above.

(b) Notwithstanding anything to the contrary in Section 4.19(a), none of the Issuer or any Guarantor, any paying agent or any other person shall be required to pay any Additional Amounts with respect to any withholding or deduction imposed on or in respect of any Note pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (“*FATCA*”), any treaty, law, regulation or other official guidance enacted by any relevant Tax Jurisdiction implementing *FATCA*, or any agreement between the Issuer and/or any Guarantor and the United States or any authority thereof implementing *FATCA*.

(c) The Issuer hereby covenants with the Agents that it will provide them with information required by law so as to enable the Agents to determine whether any payments to be made by them are withholdable payments as defined in section 1473(1) of the U.S. Internal Revenue Code of 1986, as amended, or otherwise defined in Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended, and any regulations or agreements thereunder or official interpretation thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

(d) In addition to Section 4.19(a), the Issuer (failing which, the Guarantors) will also pay and indemnify the Holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies or Taxes which are levied by any Tax Jurisdiction on the execution, delivery, registration or enforcement of any of the Notes, this Indenture, any Note Guarantee, or any other document or instrument referred to therein.

(e) If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely without further investigation or verification on such Officer's Certificate as conclusive proof that such payments are necessary. The Issuer or the relevant Guarantor will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Additional Amounts.

(f) The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. Upon request, the Issuer or the relevant Guarantor will provide to the Trustee an official receipt or, if official receipts are not obtainable, other documentation reasonably satisfactory to the Trustee evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will attach to each certified copy or other document a certificate stating the amount of such Taxes paid per €1,000 or \$1,000 principal amount, as applicable, of the Notes then outstanding. Upon request, copies of those receipts or other documentation, as the case may be, will be made available by the Trustee to the Holders of the Notes.

(g) Whenever in this Indenture there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Section 4.20 *Maintenance of Listing.*

The Issuer will use its reasonable best efforts to list and to maintain the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it is unable to list or it can no longer reasonably comply with the requirements for listing the Notes on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market or if maintenance of such listing becomes unduly onerous, it will obtain prior to the delisting of the Notes from the Official List of the Luxembourg Stock Exchange and withdrawal from trading on the Euro MTF Market, and thereafter use its reasonable best efforts to maintain, a listing of such Notes on such other "recognised stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Section 4.21 *Limitations with Respect to the Issuer.*

(a) Notwithstanding anything contained in this Indenture to the contrary:

(i) the Issuer will not engage in any business activity or undertake any other activity, except any activity: (a) relating to the offering, sale, or issuance of Indebtedness (including any Indebtedness issued in the future), the incurrence of any Indebtedness of the Issuer permitted under this Indenture (including the making of any guarantee), lending or otherwise advancing the proceeds thereof to Wind or another Guarantor and any other activities in connection therewith, (b) undertaken with the purpose of, and directly related to, consummating the issuance of the Notes pursuant to the Offering Memorandum or fulfilling any other obligations under any Indebtedness permitted under this Indenture (including for the avoidance of doubt, any repurchase or purchase, repayment, redemption, prepayment of such Indebtedness) or including, without limitation, the Notes (including Additional Notes, if any), the 2013 Indenture Senior Secured Notes, the 2014 HY Senior Notes, this Indenture, the Priority Agreement (or any additional intercreditor agreement

or priority agreement entered into pursuant to the terms of the Priority Agreement or this Indenture), the Intercompany Loans, any Security Document to which it is a party or any other document relating to the Notes (including Additional Notes, if any) or to Indebtedness of the Issuer permitted under this Indenture or the making of Permitted Investments, (c) directly related or reasonably incidental to the establishment and/or maintenance of the Issuer's corporate existence, (d) relating to the consummation of any Corporate Reorganization Transaction, the Issuer Expansion Activities and Issuer Distributions, acting as a treasury company for Wind Telecom S.p.A. and its Subsidiaries and the issuance of the Notes, (e) directly related or reasonably incidental to the management of the corporate existence of any finance company, (f) directly related to investing amounts received by the Issuer in such manner not otherwise prohibited by this Indenture or the Priority Agreement, (g) relating to the consummation of any Change of Control, or (h) other activities not specifically enumerated that are *de minimis* in nature or otherwise related or reasonably incidental to any of the foregoing;

(ii) for so long as any Notes are outstanding, Wind will not, and will not permit any of its Restricted Subsidiaries to commence or take any action or facilitate a winding-up, liquidation or other analogous proceeding in respect of the Issuer;

(iii) except in accordance with Section 5.01, the Issuer (a) will not merge, consolidate, amalgamate or otherwise combine with or into another Person (whether or not the Issuer is the surviving corporation) or, (b) sell, convey, assign, transfer, lease or otherwise dispose of all or substantially all of its properties or assets to any Person or group of Persons, and (c) will remain a Restricted Subsidiary of Wind;

(iv) no Person who is an officer, an employee, a consultant or an agent of Wind or any of its Affiliates (other than the Issuer) (each, an "*Affiliated Person*") shall be appointed as a director of the Issuer, provided that Affiliated Persons may be appointed as directors of the Issuer to the extent that the majority of the directors of the Issuer are non-Affiliated Persons; and

(v) neither Wind nor any of its Affiliates shall, whether directly or through another Person, in any manner or form, Direct and Coordinate the Issuer, any of its operations, its management and its assets.

Section 4.22 *No Impairment of Security Interests.*

(a) Subject to Section 4.22(b), the Issuer and each Guarantor will not, and Wind will not permit any of its Restricted Subsidiaries to, (i) take, or knowingly or negligently omit to take, any action which act or omission might reasonably be expected to, or would have the result of, materially impairing the security interest with respect to the Collateral or the ability to share in the proceeds of any other Credit Support Asset; or (ii) grant to any Person other than the Security Agent for the benefit of the Trustee and the Holders of the Notes any interest whatsoever in the Collateral or any other Credit Support Asset except as permitted in this Indenture, the Priority Agreement and Security Documents.

(b) At the direction of the Issuer and without the consent of the Holder of Notes, the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) subject to compliance with the foregoing paragraphs, provide for Permitted Collateral Liens to the extent permitted by this Indenture, (iii) comply with the terms of the Priority Agreement (iv) add to the Collateral, (v) evidence the succession of another Person to the Issuer and the assumption by such successor of the obligations under this Indenture, the Notes and the Security Documents, in each case, in accordance with Section 5.01, (vi) provide for the release of property and assets constituting Collateral from the Lien of the Security Documents and/or the release of the Note Guarantee of a Guarantor, in each case, in accordance with (and if permitted by) the terms of this Indenture, (vii) conform the Security Documents to this Description of Notes, (viii) to evidence and provide for the acceptance of the appointment of a successor trustee or security agent or (ix) make any other change thereto that does not adversely affect the rights of Holders of the Notes in any material respect.

(c) Notwithstanding Section 4.22(a) or (b) and without the consent of the Holders of the Notes, (i) Wind and its Restricted Subsidiaries may incur Permitted Collateral Liens in accordance with the terms of this Indenture

and (ii) the Collateral may be discharged and released in accordance with the terms of this Indenture; *provided* that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced (including released and retaken), unless contemporaneously with such amendment, extension, renewal, restatement, supplement, modification or replacement (including release and retake), the Issuer delivers to the Trustee one of the following: (A) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of Wind and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, restatement, extension, renewal, supplement, modification or replacement (including released and retaken); (B) a certificate from the Board of Directors or chief financial officer of Wind (acting in good faith), in the form set forth as an exhibit to this Indenture, that confirms the solvency of the Person granting such Lien after giving effect to any transaction related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release (including release and retake) or (C) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement (including release and retake), the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced (including released and retaken) are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement (including release and retake).

(d) In the event that the Issuer complies with this Section 4.22, the Trustee and the Security Agent will (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement (including release and retake) with no need for instructions from Holders of the Notes.

Section 4.23 *Security.*

The Issuer and Wind shall, and Wind shall procure that each of its Subsidiaries shall, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents; and (ii) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. Wind shall, and shall procure that each of its respective Subsidiaries shall, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

Section 4.24 *Restrictions on Amendment to Transaction Documents.*

(a) Except as permitted by Article 9, the Issuer and each Guarantor will not, and Wind will not permit any Restricted Subsidiary of Wind to, amend, modify, supplement or waive any provision of the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with to the terms of the Priority Agreement or this Indenture) in a manner adverse to the Holders of the Notes (including the provisions which subordinate the HY Notes Debt, the Intercompany Debt and the Parent Debt (each, as defined therein) to the Note Guarantees).

(b) In addition, the Issuer and Wind agree to keep outstanding one or more Intercompany Loans that would constitute Senior Secured Notes Debt (as defined in the Priority Agreement) under the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or this Indenture) in an amount at least equal to the principal amount of the Notes then outstanding.

Section 4.25 *Payments for Consent.*

The Issuer and any Guarantor will not, and Wind will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid to all Holders of the Notes affected by such consent, waiver or amendment and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer, Wind and Wind's other Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of this Indenture, to exclude Holders of Notes in any jurisdiction or any category of Holders of Notes where: (1)(a) the solicitation of such consent, waiver or amendment, including in connection with any tender offer or exchange offer, or (b) the payment of the consideration therefor, could reasonably be interpreted as requiring the Issuer, Wind or any of Wind's other Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws or listing requirements (including, but not limited to, the United States federal securities laws and the laws of the European Union or any of its member states), which the Issuer in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (2) such solicitation would otherwise not be permitted under applicable law in such jurisdiction or with respect to such category of Holders of Notes.

Section 4.26 *Suspension of Certain Covenants when Notes Rated Investment Grade.*

If on any date following the date of this Indenture (a) the Notes are rated (i) Baa3 or better by Moody's and (ii) BBB- or better by S&P (or, if either Moody's or S&P ceases to rate the Notes for reasons outside of the control of the Issuer or Wind, the equivalent investment grade credit rating from Fitch or, in the absence of such, any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by Wind as a replacement agency so that the Notes are so rated by at least two such credit rating agencies); and (b) no Default or Event of Default shall have occurred and be continuing, then, beginning on that day and subject to the provisions of this Section 4.26, the covenants set forth in Section 3.10, Sections 4.07 through 4.11, Section 4.18 and clause (iv) of Section 5.01(b) will be suspended.

During any period that the foregoing covenants have been suspended, Wind's Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to Section 4.17 or clause (2) of the definition of "Unrestricted Subsidiary."

Notwithstanding the foregoing, if the rating assigned by any such rating agency should subsequently decline to below Baa3 or BBB-, as applicable, the foregoing covenants will be reinstated as of and from the date of such rating decline. Such covenants will not, however, be of any effect with respect to actions properly taken during the period of suspension. Calculations under the reinstated "Restricted Payments" covenant will be made as if the "Restricted Payments" covenant had been in effect since the date of this Indenture except that no default will be deemed to have occurred by reason of a Restricted Payment made while that covenant was suspended.

ARTICLE 5
SUCCESSORS

Section 5.01 *Merger, Consolidation or Sale of Assets.*

(a) The Issuer will not, directly or indirectly: (1) consolidate, amalgamate, merge or otherwise combine with or into another Person (whether or not the Issuer is the surviving corporation); or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the assets of the Issuer, in one or more related transactions, to another Person, unless:

(i) either: (1) Wind or the Issuer is the surviving or continuing Person; or (2) the Person formed by or surviving any such consolidation, merger, amalgamation or combination (if other than the Issuer) or to which such sale, assignment, transfer, conveyance or other disposition has been made complies with Section 4.21 prior to and after such transaction and is a Person (in corporate or company form, including substantially similar organizational forms under relevant law) organized or existing under the laws of any member state of the Pre-Expansion European Union, the laws of the United States, any state of the United States or the District of Columbia;

(ii) the Person formed by or surviving any such consolidation, merger, amalgamation or combination (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Issuer under the Notes, this Indenture, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into pursuant to the terms of the Priority Agreement or this Indenture) and the Security Documents to which the Issuer is a party other than, to the extent such surviving entity is Wind, the obligations of the Issuer described under Section 4.21; and

(iii) immediately after such transaction, no Default or Event of Default exists and the Security Documents and the Liens created on the Collateral (other than, to the extent the surviving entity is Wind, the assignment of any Intercompany Loan; *provided* that such Intercompany Loan is cancelled or otherwise could have been incurred by Wind at the time of such transaction pursuant to Section 4.09) shall remain in full force and effect, shall have been transferred to such surviving entity and shall have been perfected and be in full force and effect or otherwise released in accordance with the terms of this Indenture.

(b) Wind will not, directly or indirectly: (1) consolidate, merge, amalgamate or combine with or into another Person (whether or not Wind is the surviving corporation); or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the assets of Wind and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(i) either: (1) Wind is the surviving or continuing Person; or (2) the Person formed by or surviving any such consolidation, merger, amalgamation or combination (if other than Wind) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (the “*Successor Company*”) is a Person (in corporate or company form, including substantially similar organizational forms under relevant law) organized or existing under the laws of any member state of the Pre-Expansion European Union, the laws of the United States, any state of the United States or the District of Columbia;

(ii) the Person formed by or surviving any such consolidation, merger, amalgamation or combination (if other than Wind) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of Wind under any Intercompany Loan, this Indenture, the Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into pursuant to the terms of the Priority Agreement or this Indenture) and/or the Security Documents;

(iii) immediately after such transaction, no Default or Event of Default exists; and

(iv) Wind or the Person formed by or surviving any such consolidation, merger, amalgamation or combination (if other than Wind), or to which such sale, assignment, transfer, conveyance, lease or other

disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions, (a) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Consolidated Leverage Ratio test set forth in Section 4.09(a) or (b) have a Consolidated Leverage Ratio not greater than what such ratio was immediately prior to giving effect to such transaction.

(c) In addition, neither the Issuer nor any Guarantor (including Wind) will, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

(d) Section 5.01(b)(iv) will not apply to:

(i) a merger of Wind with an Affiliate for the primary purpose of reincorporating Wind, as the case may be, in another jurisdiction for tax reasons;

(ii) a Restricted Subsidiary of Wind consolidating with, merging into or selling, assigning, transferring, conveying, leasing or otherwise disposing of assets to (a) Wind or any Restricted Subsidiary of Wind that is a Guarantor or the Issuer or, (b) with respect to a Restricted Subsidiary of Wind that is not a Guarantor or the Issuer, another Restricted Subsidiary; or

(iii) Wind consolidating with, merging into or selling, assigning, transferring, conveying, leasing or otherwise disposing of all or substantially all of its assets to the Parent or the Parent consolidating with, merging into or selling, assigning, transferring, conveying, leasing or otherwise disposing of all or substantially all of its assets to Wind. Following any such merger, any transaction which would have been permitted with the Parent shall be permitted to be undertaken with WIND Telecom S.p.A.

Section 5.02 *Successor Corporation Substituted.*

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Issuer or Wind in a transaction that is subject to, and that complies with the provisions of, Section 5.01, the successor Person formed by such consolidation or into or with which the Issuer or Wind, as applicable, is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the “Issuer” or “Wind”, as applicable, shall refer instead to the successor Person and not to the Issuer or Wind, as applicable), and may exercise every right and power of the Issuer or Wind, as applicable, under this Indenture with the same effect as if such successor Person had been named as the Issuer or Wind, as applicable, herein; *provided, however*, that the predecessor shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the assets of the Issuer or Wind, as applicable, in a transaction that is subject to, and that complies with the provisions of, Section 5.01.

ARTICLE 6 DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

The following events constitute “*Events of Default*” under this Indenture:

(i) default for 30 days in the payment when due of interest on, or Additional Amounts (if any) with respect to, the Notes;

(ii) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(iii) failure by the Issuer, Wind or any of Wind’s other Restricted Subsidiaries to comply with Section 4.15 or Section 5.01;

(iv) failure by the Issuer, Wind or any of Wind's other Restricted Subsidiaries for 60 days after notice to the Issuer and Wind by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in this Indenture (other than those described in clauses (i), (ii) and (iii) above), the Notes, the Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into pursuant to the terms of the Priority Agreement or this Indenture) or any Note Security Document;

(v) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer, Wind or any of Wind's other Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer, Wind or any of Wind's other Restricted Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the date of this Indenture, if that default:

(A) is caused by a failure to pay principal of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

(B) results in the acceleration of such Indebtedness prior to its Stated Maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated (and not rescinded, cured or waived) aggregates €25.0 million or more at any time outstanding (and not rescinded, cured or waived);

(vi) failure by the Issuer, Wind or any of Wind's other Restricted Subsidiaries to pay final judgments for the payment of cash or other assets or properties, or the assumption of liabilities, entered by a court or courts of competent jurisdiction aggregating in excess of €25.0 million, which judgments are not paid, discharged or stayed for a period of 60 consecutive days following such final judgment;

(vii) except as permitted by this Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee;

(viii) breach by the Issuer, Wind or any of Wind's other Restricted Subsidiaries of any material representation or warranty or agreement in the Security Documents, the repudiation by the Issuer, Wind or any of Wind's other Restricted Subsidiaries of any of its obligations under the Security Documents or the unenforceability of the Security Documents against the Parent, the Issuer, Wind or any of Wind's other Subsidiaries for any reason;

(ix) the Issuer, Wind or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) generally is not paying its debts as they become due; or

(x) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Issuer, Wind or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would constitute a Significant Subsidiary in an involuntary case;

(B) appoints a custodian of the Issuer, Wind or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would

constitute a Significant Subsidiary or for all or substantially all of the property of Wind or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would constitute a Significant Subsidiary; or

(C) orders the liquidation of the Issuer, Wind or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

Section 6.02 *Acceleration.*

In the case of an Event of Default specified in clause (ix) or (x) of Section 6.01, with respect to the Issuer, Wind, any Restricted Subsidiary of Wind that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately and to take any other remedy available hereunder. Upon any such declaration, the Notes shall become due and payable immediately.

Section 6.03 *Other Remedies.*

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of, interest, premium and Additional Amounts, if any, on the Notes or to enforce the performance of any provision of this Indenture or, the Notes.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

Holdings of not less than a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the Holders of all of the Notes, rescind an acceleration or waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, interest and premium and Additional Amounts, if any, on the Notes (including in connection with an offer to purchase) (other than a payment default resulting from an acceleration that has been rescinded). Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Prior to taking any action hereunder, the Trustee shall be entitled to indemnification or other security satisfactory to it in its sole discretion against all losses, liabilities and expenses caused by taking or not taking such action.

Section 6.05 *Control by Majority.*

Holdings of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability, except a Default or Event of Default relating to the payment of principal, interest, premium or Additional Amounts (if any).

Section 6.06 *Limitation on Suits.*

Subject to the provisions of this Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any Holders of Notes unless such Holders have offered to the Trustee indemnity and/or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts (if any) when due, no Holder of a Note may pursue any remedy with respect to this Indenture or the Notes unless:

- (i) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default;
- (ii) the Holders of at least 25% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;
- (iii) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity and/or security against any loss, liability or expense;
- (iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity and/or security; and
- (v) during such 60 day period, the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.07 *Rights of Holders of Notes to Receive Payment.*

Notwithstanding any other provision of this Indenture, unless consented to by holders of at least 90% of the then outstanding aggregate principal amount of the Notes, the right of any Holder of a Note to receive payment of principal of, interest and premium, Additional Amounts, if any, on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring proceedings for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08 *Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01 occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Issuer for the whole amount of principal of, interest and premium then owing, Additional Amounts, if any, on the Notes and interest on overdue principal and, to the extent lawful, Additional Amounts, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 *Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Issuer, a Guarantor or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any

other amounts due the Trustee under Section 7.07. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities.*

Subject to the terms of the Priority Agreement, all moneys received by the Trustee under this Indenture shall be held by the Trustee in trust to apply them (subject to any legal privilege (if any) pursuant to any applicable Bankruptcy Law):

First: to the Trustee, its agents and attorneys for amounts due under this Indenture, including payment of all compensation, expense and liabilities incurred, and all advances, if any, made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes, on the principal of, or premium, interest, Additional Amounts, if any, on the Notes, *pari passu* and ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes, on the principal of, premium, interest, Additional Amounts, if any, respectively; and

Third: to the Issuer or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

Section 6.12 *Proof.*

Proof that, as regards any specified Note, the Issuer has defaulted in paying any amount due in respect of such Note shall (unless the contrary be proved) be sufficient evidence that the same default has been made as regards all other Notes in respect of which the relevant amount is due and payable.

Section 6.13 *Agents to Act for Trustee.*

Upon the occurrence of an Event of Default, the Trustee or the requisite Holders, may, in its sole discretion, by notice to the Agents, require such Agents to act to its direction.

ARTICLE 7
TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy or mathematical calculations or other facts stated herein).

(c) The Trustee may not be relieved from liabilities for its own gross negligent action, its own gross negligent failure to act, or its own willful misconduct or fraud, except that:

(i) this Section 7.01(c) does not limit the effect of Section 7.01(b);

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and/or indemnity satisfactory to it in its sole discretion against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02 *Rights of Trustee.*

(a) The Trustee may conclusively rely without further investigation or verification upon and will be protected in acting or refraining from acting upon, whether in its original, facsimile or other electronic form, any document reasonably believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document (regardless of whether any such document is subject to any monetary or other limit).

(b) In no event shall the Trustee, the Agents or any other entity of Deutsche Bank Trust Company Americas be liable for any losses arising to the Trustee or Agents or any other entity of Deutsche Bank Trust Company Americas receiving or transmitting any data from the Issuer, Wind, any authorized person officer of the Issuer or Wind or any party to the transaction via any non-secure method of transmission or communication, such as, but without limitation, by facsimile or email.

(c) The Issuer and Wind accept that some methods of communication are not secure and the Trustee, the Agents or any other entity of Deutsche Bank Trust Company Americas shall incur no liability for receiving instructions via any such non-secure method. The Trustee, the Agents or any other entity of Deutsche Bank Trust Company Americas is authorized to comply with and rely upon any such notice, instructions or other communications believed by it to have been sent or given by an Officer or an appropriate party to the transaction (or authorized representative thereof). The Issuer, Wind or authorized officer of the Issuer or Wind shall use all reasonable endeavours to ensure that instructions transmitted to the Trustee, the Agents or any other entity of Deutsche Bank Trust Company Americas pursuant to this Indenture are complete and correct. Any instructions shall be conclusively deemed to be valid instructions from the Issuer, Wind or authorized officer of the Issuer or Wind to the Trustee, the Agents or any other entity of Deutsche Bank Trust Company Americas for the purposes of this Indenture.

(d) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel, as the case may be. The Trustee may consult with professional advisors (including counsel) and the written advice of such professional adviser or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Trustee may act through its attorneys and agents and shall not be responsible for the willful misconduct, gross negligence or fraud of any agent appointed with due care.

(f) The Trustee shall not be liable for any action it takes or omits to take in good faith that it reasonably believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(g) The Trustee shall have no duty to inquire as to the financial performance or the covenant compliance of the Issuer or Wind.

(h) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer shall be sufficient if signed by an Officer of the Issuer.

(i) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee security and/or indemnity satisfactory to it against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

(j) The Trustee shall have no duty to inquire as to the performance of the covenants of the Issuer and/or its Restricted Subsidiaries in Article 4. In addition, the Trustee shall not be deemed to have knowledge of any Default or Event of Default except: (i) any Event of Default occurring pursuant to Section 6.01(i) or 6.01(ii) (provided it is acting as Paying Agent); and (ii) any Default or Event of Default of which a Responsible Officer shall have received written notification. Delivery of reports, information and documents to the Trustee under Section 4.03 is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

(k) The Trustee shall not have any obligation or duty to monitor, determine or inquire as to compliance, and shall not be responsible or liable for compliance with restrictions on transfer, exchange, redemption, purchase or repurchase, as applicable, of minimum denominations imposed under this Indenture or under applicable law or regulation with respect to any transfer, exchange, redemption, purchase or repurchase, as applicable, of any interest in any Notes.

(l) The rights, privileges, protections, immunities and benefits given to the Trustee under this Indenture, including its right to be indemnified and/or secured, are extended to, and shall be enforceable by Deutsche Bank Trust Company Americas in each of its capacities hereunder and by Deutsche Bank AG, London Branch, Deutsche Bank Trust Company Americas, Deutsche Bank Luxembourg S.A. and each agent, custodian and other person employed to act hereunder. Absent willful misconduct, gross negligence or fraud, each Paying Agent, Calculation Agent, Registrar and Transfer Agent shall not be liable for acting in good faith on instructions believed by it to be genuine and from the proper party.

(m) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders, each representing less than a majority in aggregate principal amount of the Notes then outstanding, pursuant to the provisions of this Indenture, the Trustee, in its sole discretion, may determine what action, if any, will be taken and shall not incur any liability for its failure to act until such inconsistency or conflict is, in its reasonable opinion, resolved.

(n) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused directly or indirectly, by forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism involving the United States, the United Kingdom or any member state of the European Monetary Union, any civil or military disturbances, nuclear or natural catastrophes or any other national or international calamity or emergency (including natural disasters or acts of God), it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility).

(o) The Trustee is not required to give any bond or surety with respect to the performance or its duties or the exercise of its powers under this Indenture or the Notes.

(p) The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

(q) The Trustee will not be liable to any person if prevented or delayed in performing any of its obligations or discretionary functions under this Indenture by reason of any present or future law applicable to it, by any governmental or regulatory authority or by any circumstances beyond its control.

(r) Under no circumstances will the Trustee be liable for any special, punitive, consequential or indirect loss (being loss of business, goodwill, opportunity or profit of any kind) of the Issuer, Successor Company, the Parent, any Restricted Subsidiary or any other Person, even if advised of such loss or damage.

(s) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer personally or by agent or attorney.

(t) The Trustee may request that the Issuer deliver an Officer's Certificate setting forth the names of the individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

Section 7.03 *Individual Rights of Trustee.*

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or any Affiliate of the Issuer with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue as trustee (if this Indenture has been qualified under the TIA) or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Section 7.10.

Section 7.04 *Trustee's Disclaimer.*

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Notes, any Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or this Indenture) or the Security Documents, it shall not be accountable for the Issuer's use of the proceeds from the Notes, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05 *Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail or cause to be mailed to Holders of Notes a notice of the Default or Event of Default within the earlier of 90 days after it occurs or 30 days after it is known to the Trustee. The Trustee may withhold from the Holders notice of any continuing Default or Event of Default relating to the payment of principal, premium, interest or Additional Amounts, if it determines that withholding notice is in their interest.

Section 7.06 *Reports by Trustee to Holders of the Notes.*

(a) Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA § 313(a) as if this Indenture were required to be qualified under the TIA (but if no event described in TIA § 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted) in accordance with Section 14.01. The Trustee also shall comply with TIA § 313(b)(2) (to the extent applicable) as if this Indenture were required to qualify under the TIA. The Trustee shall also transmit by mail all reports as required by TIA § 313(c) as if this Indenture were required to qualify under the TIA.

(b) A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Issuer and filed with each stock exchange on which the Notes are listed in accordance with TIA § 313(d), as if this Indenture were required to qualify under the TIA. The Issuer shall promptly notify the Trustee when the Notes are listed on any stock exchange.

Section 7.07 *Compensation and Indemnity.*

(a) The Issuer shall pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the properly incurred compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Issuer and any Guarantor shall jointly and severally indemnify the Trustee and its officers, directors, employees, representatives and agents against any and all losses, liabilities or expenses incurred by it arising out of, or

in connection with, the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Issuer and any Guarantor (including this Section 7.07) and defending itself against any claim (whether asserted by the Issuer or any Guarantor or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its willful misconduct, gross negligence or fraud. The Trustee shall notify the Issuer promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuer shall not relieve the Issuer or any Guarantor of its obligations hereunder. The Issuer or such Guarantor shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Issuer shall pay the reasonable fees and expenses of such counsel. Neither the Issuer nor any Guarantor need pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

(c) The obligations of the Issuer and the Guarantors under this Section 7.07 shall survive the satisfaction and discharge of this Indenture or the earlier resignation or removal of the Trustee.

(d) To secure the Issuer's and the Guarantors' payment obligations in this Section 7.07, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal of, premium, interest, Additional Amounts, if any, on particular Notes (including under the Assignment Agreement). Such Lien shall survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01 occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.08 *Replacement of Trustee.*

(a) A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Issuer. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuer in writing. The Issuer may remove the Trustee if:

(i) the Trustee fails to comply with Section 7.10;

(ii) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(iii) a custodian or public officer takes charge of the Trustee or its property; or

(iv) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuer shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuer.

(d) If a successor Trustee does not take office within 60 calendar days after the retiring Trustee gives notice of resignation or is removed, (i) the retiring Trustee (at the expense of the Issuer), the Issuer, or the Holders of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee; or (ii) the retiring Trustee may appoint a successor Trustee at any time prior to the date on which a successor Trustee takes office; provided that such appointment shall be reasonably satisfactory to the Issuer.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to the Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, *provided* all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

Section 7.09 *Successor Trustee by Merger, etc.*

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

Section 7.10 *Eligibility; Disqualification.*

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of England and Wales, or the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power and that is subject to supervision or examination by federal or state authorities. Any successor Trustee shall have a combined capital and surplus of at least \$50.0 million as set forth in its most recent published annual report of condition.

Section 7.11 *USA PATRIOT Act*

In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering ("*Applicable Law*," for example section 326 of the USA PATRIOT Act of the United States), the Trustee and Agents are required to obtain, verify, record and update certain information relating to individuals and entities which maintain a business relationship with the Trustee and Agents. Accordingly, each of the parties agree to provide to the Trustee and Agents, upon their request from time to time such identifying information and documentation as may be available for such party in order to enable the Trustee and Agents to comply with Applicable Law.

ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 *Option to Effect Legal Defeasance or Covenant Defeasance.*

The Issuer may, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, at any time, elect to have either Section 8.02 or 8.03 be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02 *Legal Defeasance and Discharge.*

(a) Upon the Issuer's exercise under Section 8.01 of the option applicable to this Section 8.02, the Issuer and the Guarantors, subject to the satisfaction of the conditions set forth in Section 8.04, will be deemed to have been discharged from their obligations with respect to the Notes (including the Note Guarantee) issued under this Indenture and to have cured all then existing Events of Default on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that the Issuer and the Guarantors shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantee) and with respect to any Guarantor (other than Wind) the Security Documents to which it is party, which shall thereafter be deemed to be "outstanding" only for the purposes of

Section 8.05 and the other Sections of this Indenture referred to in clauses (a)(i) and (ii) below, and to have satisfied all their other obligations under this Indenture and the Notes, the Note Guarantee, and with respect to any Guarantor (other than Wind) the Security Documents to which it is party (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

- (i) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest, premium or Additional Amounts, if any, on the Notes when such payments are due solely out of the trust referred to in Section 8.04;
- (ii) the Issuer's obligations with respect to such Notes under Article 2 and Section 4.02;
- (iii) the rights, powers, trusts, duties, immunities and indemnifications of the Trustee and the obligations of the Issuer and the Guarantors in connection therewith; and
- (iv) this Article 8;

(b) Subject to compliance with this Article 8, the Issuer may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03.

(c) In the event Legal Defeasance occurs, payment of the Notes may not be accelerated because of an Event of Default.

Section 8.03 *Covenant Defeasance.*

Upon the Issuer's exercise under Section 8.01 of the option applicable to this Section 8.03, the Issuer and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04, be released from their respective obligations under the covenants contained in Sections 4.07 through 4.13, Sections 4.15 through 4.22, Section 5.01(b)(iv) and Section 5.01(c), with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, *Covenant Defeasance* means that the Issuer and the Guarantors may, with respect to the outstanding Notes and Note Guarantee and with respect to any Guarantor (other than Wind) the Security Documents to which it is party, omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01, but, except as specified above, the remainder of this Indenture and such Notes, Note Guarantee and Security Documents shall be unaffected thereby. In addition, upon the Issuer's exercise under Section 8.01 of the option applicable to this Section 8.04, subject to the satisfaction of the conditions set forth in Section 8.04, the events set forth in clauses (3) through (5) (inclusive) of Section 6.01 shall not constitute Events of Default.

Section 8.04 *Conditions to Legal or Covenant Defeasance.*

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Notes issued under this Indenture:

- (i) the Issuer must irrevocably deposit with the Trustee or its designee, in trust, for the benefit of the Holders of the Notes, cash, Cash Equivalents constituting non-callable government securities, or a combination of cash and Cash Equivalents constituting non-callable government securities (with such cash and government securities denominated in euros and U.S. dollars in amounts correlating to the obligations

under the Euro Notes and Fixed Rate Dollar Notes, respectively), in amounts as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest and premium and Additional Amounts (if any) on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(ii) in the case of an election under Section 8.02, the Issuer must deliver to the Trustee:

(A) an Opinion of Counsel reasonably acceptable to the Trustee confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the date of this Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

(B) an Opinion of Counsel in the jurisdiction of organization of the Issuer and reasonably acceptable to the Trustee to the effect that the Holders of Notes will not recognize income, gain or loss for income tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to income tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

(iii) in the case of an election under Section 8.03, the Issuer must deliver to the Trustee:

(A) an Opinion of Counsel reasonably acceptable to the Trustee confirming that Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

(B) an Opinion of Counsel in the jurisdiction of organization of the Issuer and reasonably acceptable to the Trustee to the effect that the Holders will not recognize income, gain or loss for income tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to income tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

(iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(v) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which Wind or any of its Subsidiaries is a party or by which Wind or any of its Subsidiaries is bound;

(vi) the Issuer must deliver to the Trustee an Officer's Certificate (with a copy to each Paying Agent) stating that the deposit was not made by the Issuer with the intent of preferring the Holders of Notes over the other creditors of the Issuer or the Guarantors with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer, the Guarantor(s) or others; and

(vii) the Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel reasonably acceptable to the Trustee (with a copy to each Paying Agent), each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05 *Deposited Money and Government Securities Held in Trust; Other Miscellaneous Provisions.*

(a) Subject to Section 8.06, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the

“Trustee”) pursuant to Section 8.04 in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as Paying Agent) as the Trustee may determine, to the Holders of the Notes of all sums due and to become due thereon in respect of principal, premium, interest, Additional Amounts, if any, but such money need not be segregated from other funds except to the extent required by law.

(b) The Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or Government Securities deposited pursuant to Section 8.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

(c) Notwithstanding anything in this Article 8 to the contrary, the Trustee shall deliver or pay to the Issuer from time to time upon the request of the Issuer any money or non-callable Government Securities held by it as provided in Section 8.04 which, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(i)), are in excess of the amount thereof that would then be required to be deposited to effect a Legal Defeasance or Covenant Defeasance, as applicable, of the type and scope originally effected by the Issuer pursuant to this Article 8.

Section 8.06 *Repayment to Issuer.*

Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of, premium, interest or Additional Amounts on any Note and remaining unclaimed for two years after such principal, and premium, if any, interest and Additional Amounts, if any, has become due and payable shall be paid to the Issuer on its request or (if then held by the Issuer) shall be discharged from such trust; and the Holder of such Note shall thereafter look only to the Issuer for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may, at the expense of the Issuer, give notice to the Holders in accordance with Section 14.01 that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

Section 8.07 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any U.S. Dollars, euro or non-callable Government Securities in accordance with Section 8.02 or 8.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuer’s obligations under this Indenture and the Notes and the Guarantors’ obligations under the Note Guarantee and (other than with respect to Wind) any Security Documents to which it is party shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03, as the case may be; *provided, however*, that, if the Issuer makes any payment of principal of, premium, interest or Additional Amounts on any Note following the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 *Without Consent of Holders of Notes.*

Notwithstanding Section 9.02 of this Indenture, the Issuer, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes, any Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or this Indenture) or any Security Document without the consent of any Holder of Note:

(i) to cure any ambiguity, defect or inconsistency;

(ii) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(iii) to provide for the assumption by a Successor Company (or any other Person formed by or surviving any consolidation, merger, amalgamation or combination that would not violate the provisions of Article 5) of the Issuer's or any Guarantor's obligations to the Holders of the Notes, any Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or this Indenture) or any Security Document by a successor to the Issuer or such Guarantor pursuant to Article 5;

(iv) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder, to the extent such change would not violate the provisions of this Indenture (including, without limitation, Section 4.22) or any secured party under the Security Documents;

(v) to conform the text of this Indenture, the Notes, a Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or this Indenture) or any Security Document to any provision of the "Description of Notes" section of the Offering Memorandum, to the extent that such provision in that "Description of Notes" was intended to be a verbatim recitation of a provision of this Indenture, the Notes, a Note Guarantee, the Priority Agreement or any Security Document;

(vi) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture as of the Issue Date;

(vii) to allow any Guarantor to execute a Supplemental Indenture, Security Document and/or a Note Guarantee with respect to the Notes;

(viii) to the extent necessary to provide for the granting of a security interest for the benefit of any Person, *provided* that the granting of such security interest is not prohibited under this Indenture; or

(ix) to evidence and provide for a successor Trustee as provided for in this Indenture.

In formulating its opinion on such matters, the Trustee shall be entitled to require and rely on such evidence as is appropriate in light of the nature of such amendment or supplement, including, an Opinion of Counsel and an Officer's Certificate.

Upon the written request of the Issuer accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture or other document, and upon receipt by the Trustee of the documents described in Section 7.02(d), the Trustee will join with the Issuer and the Guarantors in the execution of any amended or supplemental indenture or other document authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee will not be obligated to enter into such amended or supplemental indenture or other document that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 9.02 *With Consent of Holders of Notes.*

Except as provided below in this Section 9.02, the Issuer, the Guarantors and the Trustee may amend or supplement this Indenture (including, without limitation, Sections 4.10 and 4.15), the Notes, any Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or this Indenture) or any Security Document with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a continuing Default or Event of Default in the payment of the principal of, interest and premium and Additional Amounts, if any, on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture, the Notes, any Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or this Indenture) or any Security Document may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes).

Upon the written request of the Issuer accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture or other document, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02(d), the Trustee will join with the Issuer and the Guarantors in the execution of such amended or supplemental indenture or other document unless such amended or supplemental indenture or other document directly affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental indenture or other document.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Issuer will mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuer to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07, the Holders of a majority in aggregate principal amount of the Notes then outstanding, voting as a single class, may waive compliance in a particular instance by the Issuer with any provision of this Indenture, the Notes, any Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or this Indenture) or any Security Document. However, unless consented to by the Holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), without the consent of each Holder affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

- (i) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (ii) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption of the Notes (except with respect to Sections 4.10 and 4.15);
- (iii) (A) reduce the rate of or change the time for payment of interest, including default interest, on any Note or (B) make any change in the provisions of this Indenture and the Notes relating to the payment of Additional Amounts;

(iv) waive a Default or Event of Default in the payment of principal of, or interest or premium or Additional Amounts on, the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(v) make any Note payable in money other than that stated in the relevant Note;

(vi) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium or Additional Amounts, if any, on, the Notes;

(vii) waive a redemption payment with respect to any Note (other than a payment required by Sections 4.10 or 4.15);

(viii) release any Guarantor (or, with respect to the Wind Share Pledge Agreements, the Parent) from any of its obligations under its Note Guarantee, this Indenture or the relevant Security Document, except in accordance with the terms of this Indenture and the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or this Indenture);

(ix) make any change to any provision of this Indenture or the Priority Agreement affecting the ranking of the Notes or the Note Guarantees, in each case, in a manner that adversely affects the rights of Holders of the Notes;

(x) make any change in the preceding amendment and waiver provisions; or

(xi) release any Collateral pledged under the Security Documents, except in accordance with the terms of this Indenture, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into pursuant to the terms of the Priority Agreement or this Indenture) and the Security Documents.

For the purposes of calculating the aggregate principal amount of Notes that have consented to or voted in favor of any amendment, supplement or waiver, the Euro Equivalent of the principal amount of any Fixed Rate Dollar Notes shall be as of the Issue Date. For the avoidance of doubt, the provisions of articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the "*Luxembourg Companies Act 1915*") shall not apply in respect of the Notes. The Holders of the Notes agree not to initiate proceedings against the Issuer based on article 98 of the Luxembourg Companies Act 1915.

Notwithstanding this Section 9.02, if (a) any amendment, waiver or other modification affects the rights of the Fixed Rate Notes and the rights of the Floating Rate Notes, the consent of a majority or 90%, as the case may be, in aggregate principal amount of the Notes shall be required to consent thereto and (b) any amendment, waiver or other modification affects only the rights of the Fixed Rate Notes or only the rights of the Floating Rate Notes, the consent of a majority or 90%, as the case may be, in aggregate principal amount of the Fixed Rate Notes or Floating Rate Notes, as applicable, shall be required to consent thereto (and in such case, the consent of a majority or 90%, as the case may be, in aggregate principal amount of the unaffected series of Notes shall not be required to consent thereto). Notwithstanding the foregoing and for the avoidance of doubt, it is understood and agreed that (a) any matter described in clause (i), (ii), (iii)(A), (iv), (v), (vi) and (vii) above that by its terms applies only to the Fixed Rate Notes shall require the consent of 90% of the holders of the Fixed Rate Notes in order for it to be binding on all holders of the Fixed Rate Notes and (b) any matter described in clause (i), (ii), (iii)(A), (iv), (v), (vi) and (vii) above that by its terms applies only to the Floating Rate Notes shall require the consent of 90% of the holders of the Floating Rate Notes in order for it to be binding on all holders of the Floating Rate Notes.

Section 9.03 *Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that

evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date of the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.04 *Notation on or Exchange of Notes.*

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Issuer, in exchange for all Notes, may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate or cause the Authenticating Agent to authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

Section 9.05 *Trustee to Sign Amendments.*

The Trustee will sign any amended or supplemental indenture or other document authorized pursuant to this Article 9 if the amendment or supplement or other document does not adversely affect the rights, duties, liabilities or immunities of the Trustee. Neither the Issuer nor Wind may sign an amended or supplemental indenture or other document until the Board of Directors of the Issuer and Wind, respectively, approves it. In executing any amended or supplemental indenture or other document, the Trustee will be entitled to receive and (subject to Section 7.01) will be fully protected in relying upon, in addition to the documents required by Section 14.03, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture or other document is authorized or permitted by this Indenture and that such amendment is the legal, valid and binding obligation of the Issuer and Wind (and any guarantor) enforceable against them in accordance with its terms, subject to customary exceptions, and complies with the provisions of this Indenture.

ARTICLE 10
SECURITY

Section 10.01 *Security Documents.*

The due and punctual payment of the principal of, and premium, interest and Additional Amounts, if any, on the Notes and any Note Guarantee when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, and interest on the overdue principal of and interest and Additional Amounts (to the extent permitted by law), if any, on the Notes and any Note Guarantee and performance of all other obligations of the Issuer and any Guarantor to the Holders of Notes or the Trustee under this Indenture, the Notes and any Note Guarantee, according to the terms hereunder or thereunder, are secured as provided in the Security Documents and Priority Agreement which the Issuer and the Guarantors have entered into prior to or simultaneously with the execution of this Indenture. Each Holder of Notes, by its acceptance thereof, consents and agrees to the terms of the Security Documents and Priority Agreement (including, without limitation, the provisions providing for foreclosure and release of Collateral and authorizing the Security Agent to enter into any Security Document on its behalf) as the same may be in effect or may be amended from time to time in accordance with its terms and authorizes and directs the Security Agent (including, for the purpose of the Security Documents governed by Italian law, as a "*mandatario con rappresentanza*") to enter into the Security Documents and the Priority Agreement and to perform its obligations and exercise its rights thereunder in accordance therewith. The Issuer will deliver to the Trustee copies of all documents delivered to the Security Agent pursuant to the Security Documents, and the Issuer and Wind will, and Wind will cause each of its Restricted Subsidiaries to, do or cause to be done all such acts and things as may be required, or which the Security Agent from time to time may reasonably request, to assure and confirm to the

Trustee that the Security Agent holds, for the benefit of the Holders and the Trustee, duly created, enforceable and perfected Liens as contemplated hereby and by the Security Documents and the Priority Agreement, so as to render the same available for the security and benefit of this Indenture and of the Notes and any Note Guarantee secured hereby, according to the intent and purposes herein expressed. The Issuer and any Guarantor will each take, and will cause their respective Subsidiaries to take any and all actions reasonably required to cause the Security Documents and the Priority Agreement to create and maintain, as security for the Obligations of the Issuer and any Guarantor hereunder, in respect of the Collateral, valid and enforceable perfected Liens in and on such Collateral with the respective rankings as set forth in definition of “Collateral.”

Section 10.02 *Release of Collateral.*

Collateral may be released from the Liens and security interests created by the Security Documents at any time or from time to time in accordance with the provisions of the Security Documents, the Priority Agreement and this Indenture. In addition, and subject to the terms and conditions of the relevant Security Documents and the Priority Agreement, upon the request of the Issuer pursuant to an Officer’s Certificate certifying that all conditions precedent hereunder have been met and stating whether or not such release is in connection with an Asset Sale and (at the sole cost and expense of the Issuer) the Trustee shall, if so requested by the Security Agent or the Issuer or otherwise required by the Priority Agreement, authorize the release of Collateral from the security created by the Security Documents that is sold, conveyed or disposed of in compliance with the provisions of this Indenture; *provided*, that if such sale, conveyance or disposition constitutes an Asset Sale, the Issuer will apply the Net Proceeds in accordance with Section 4.10. Upon receipt of such Officer’s Certificate the Security Agent shall execute, deliver or acknowledge any necessary or proper instruments of termination, satisfaction or release to evidence the release of any Collateral permitted to be released pursuant to this Indenture or the Security Documents and the Priority Agreement.

Section 10.03 *Authorization of Actions to Be Taken by the Trustee.*

Subject to the provisions of Section 7.01 and 7.02 and the terms of the Security Documents and the Priority Agreement (including any consent of the Holders required thereunder), the Trustee may, in its sole discretion, direct, on behalf of the Holders of Notes, the Security Agent to take all actions it deems necessary or appropriate in order to:

- (i) enforce any of the terms of the Security Documents or the Priority Agreement; and
- (ii) collect and receive any and all amounts payable in respect of the Obligations of the Issuer or any Guarantor hereunder, as the case may be.

The Trustee will have power to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Documents, the Priority Agreement or this Indenture, and such suits and proceedings as the Trustee may deem expedient to preserve or protect its interests and the interests of the Holders of Notes in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders of Notes or of the Trustee).

Section 10.04 *Authorization of Receipt of Funds by the Trustee Under the Security Documents.*

The Trustee is authorized to receive any funds for the benefit of the Holders of Notes distributed under the Security Documents or Priority Agreement, and to make further distributions of such funds to the Holders of Notes according to the provisions of this Indenture and the Priority Agreement.

Section 10.05 *Termination of Security Interest.*

The Trustee shall, at the request of the Issuer or a Guarantor upon having provided the Trustee an Officer’s Certificate (which shall certify, among other things, that all action under the relevant Security Document(s) with

respect to the release of the security thereunder has been taken and the release of the Collateral complies with the terms of the relevant Security Document(s)) and Opinion of Counsel certifying compliance with this Section 10.05, execute and deliver a certificate to the Security Agent releasing the relevant Collateral or other appropriate instrument evidencing such release (in the form provided by the Issuer):

- (i) upon the full and final payment and performance of all Obligations of the Issuer under this Indenture and the Notes;
- (ii) upon a Legal Defeasance or Covenant Defeasance as provided for in Article 8 or satisfaction and discharge of this Indenture as provided for in Article 13;
- (iii) with respect to a Guarantor other than Wind, in connection with any sale, assignment, transfer, conveyance or other disposition of all of the Capital Stock of such Guarantor or all of the assets of such Guarantor (other than to an Affiliate of Wind or any of its Subsidiaries), if the sale or other disposition is in compliance with the provisions of this Indenture including, without limitation, Section 4.10;
- (iv) (A) in the case of a Guarantor (other than Wind) that is released from its Guarantee pursuant to clause (vi) of Section 11.06, the release of the property and assets, and Capital Stock, of such Guarantor or (B) pursuant Section 4.12;
- (v) in connection with an enforcement sale in compliance with the Priority Agreement;
- (vi) with respect to a Guarantor (if any) other than Wind, if Wind designates any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of this Indenture; or
- (vii) as described in Article 9.

In addition, subject to the conditions set forth in the Priority Agreement, a pledge of the shares of Wind's Subsidiaries (if any) will be automatically released at the time of an enforcement sale of the pledged entity or of the assets or shares of any direct or indirect parent entity of such Subsidiary (other than Wind).

Section 10.06 *Further Action.*

Upon the terms and subject to the conditions of this Indenture and the Security Documents, the Issuer and any Guarantor shall use its respective best efforts to take, or cause to be taken, all appropriate action, and to do or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the security over the Collateral as contemplated by the Security Documents and the Priority Agreement, including, without limitation, (i) cooperating in the preparation of any required filings under the Security Documents and the Priority Agreement, (ii) using best efforts to make all required filings, notifications, releases and applications and to obtain licenses, permits, consents, approvals, authorizations, qualifications and orders of governmental authorities and parties to contracts with the Issuer and any Guarantor as are necessary for the grants of security contemplated by this Indenture and the Security Documents and to fulfill the conditions of the Security Documents including, without limitation, delivery of title deeds and all other documents of title relating to the Collateral secured by the Security Documents in the manner as provided for therein and in the Priority Agreement to which any Guarantor is a party, (iii) taking any and all action to perfect the security over the Collateral as contemplated by this Indenture and the Security Documents, (iv) cooperating in all respects with each other in connection with any investigation or other inquiry, including any proceeding initiated by any Person, in connection with the granting of security over the Collateral, (v) keeping the Trustee or Security Agent informed in all material respects of any material communication received by the Issuer or any Guarantor from, or given by them to, any governmental authority or any other Person regarding any matters contemplated by the Security Documents and the Priority Agreement or with respect to the Collateral, and (vi) permitting the Trustee or Security Agent to review any material communication given by the Issuer or any Guarantor to any such governmental authority or any other Person.

Notwithstanding any other provision of this Indenture, the Trustee has no responsibility for the validity, perfection, priority or enforceability of any lien, Collateral, Security Documents or other security interest.

ARTICLE 11
NOTE GUARANTEES

Section 11.01 *Guarantee.*

(a) Subject to this Article 11, each of the Guarantors hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee or the Authenticating Agent and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Issuer hereunder or thereunder, that:

(i) the principal of, premium, if any, and interest on, or Additional Amounts, if any, in respect to the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest and Additional Amounts on the Notes, if any, if lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) Each Guarantor hereby agrees that its obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer (including, without limitation, its bankruptcy (*faillite*), voluntary or juridical liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors, reorganization or similar laws affecting the rights of creditors generally), any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever and covenant that this Note Guarantee will not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

(c) If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or the Guarantors (including, without limitation, in relation to the Issuer, any *commissaire, juge-commissaire, liquidateur or curateur*), any amount paid by either to the Trustee or such Holder, this Note Guarantee, to the extent theretofore discharged, will be reinstated in full force and effect.

(d) Each Guarantor agrees that it will not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand,

(i) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and

(ii) in the event of any declaration of acceleration of such obligations as provided in Article 6, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantors for the purpose of this Note Guarantee. The Guarantors will have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantee.

Section 11.02 *Limitation on Guarantor Liability.*

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar national, federal, local or state law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor will be limited to the maximum amount that will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 11, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance.

Notwithstanding any other term of this Indenture, each Note Guarantee by Wind or any other Guarantor that is incorporated in Italy shall not in any event exceed an amount equal to 200% of the aggregate principal amount of the Notes.

Section 11.03 *Execution and Delivery of Note Guarantee.*

To evidence its Note Guarantee set forth in Section 11.01, each Guarantor hereby agrees that a notation of such Note Guarantee substantially in the form attached as **Exhibit D** hereto will be endorsed by an Officer or a Director of such Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture will be executed on behalf of such Guarantor by one of its Officers or directors.

Each Guarantor hereby agrees that its Note Guarantee set forth in Section 11.01 will remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Note Guarantee.

If an Officer or director whose signature is on this Indenture or on the Note Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Note Guarantee is endorsed, the Note Guarantee will be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, will constitute due delivery of the Note Guarantee set forth in this Indenture on behalf of the Guarantors.

Wind shall cause any Restricted Subsidiary so required by Section 4.18, to execute a Supplemental Indenture in the form of **Exhibit E** to this Indenture and a notation of Note Guarantees in the form of **Exhibit D** to this Indenture in accordance with Section 4.18 and this Article 11.

Section 11.04 *Guarantors May Consolidate, etc., on Certain Terms.*

(a) Except as otherwise provided in this Section 11.04 and subject to Article 5 of this Indenture, no Guarantor (other than Wind) may sell, assign, transfer, convey or otherwise dispose of all or substantially all of its assets to, or consolidate, amalgamate, merge or otherwise combine with or into (whether or not such Guarantor is the surviving Person) another Person, unless:

- (i) immediately after giving effect to such transaction, no Default or Event of Default exists; and
- (ii) either:

(A) the Person to which such sale, assignment, transfer, conveyance or other disposition has been made or the Person formed by or surviving any such consolidation, amalgamation, merger or combination assumes all the obligations of that Guarantor under this Indenture, its Note Guarantee, the Priority Agreement and the Security Documents to which it is a party pursuant to agreements reasonably satisfactory to the Trustee; or

(B) such sale or disposition is undertaken in accordance with, and the Net Proceeds of such sale or other disposition are applied in accordance with, the applicable provisions of this Indenture, including without limitation, Section 4.10.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person, by Supplemental Indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Note Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor Person will succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor Person thereupon may cause to be signed any or all of the Note Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Issuer and delivered to the Trustee. All the Note Guarantees so issued will in all respects have the same legal rank and benefit under this Indenture as the Note Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Note Guarantees had been issued at the date of the execution hereof.

(c) Except as set forth in Articles 4 and 5, and notwithstanding clauses (a) and (b) above, nothing contained in this Indenture or in any of the Notes will prevent any consolidation or merger of a Guarantor with or into Wind or another Guarantor, or will prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to Wind or another Guarantor.

Section 11.05 *Releases.*

The Note Guarantee of a Guarantor shall be released:

(i) with respect to a Guarantor other than Wind, in connection with any sale, assignment, transfer, conveyance or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) or the Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transactions) Wind or a Restricted Subsidiary of Wind or an Affiliate of Wind or any of its Subsidiaries, if the sale, assignment, transfer, conveyance or other disposition is undertaken, and the Net Proceeds of such sale or other disposition are applied in accordance with, in accordance with the applicable provisions of this Indenture, including without limitation Section 4.10. Upon delivery by the Issuer to the Trustee of an Officer's Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by Wind in accordance with the provisions of this Indenture, including without limitation, Section 4.10, the Trustee will execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Note Guarantee.

(ii) upon the sale of all the Capital Stock of such Guarantor or its parent entity pursuant to an enforcement sale in compliance with the Priority Agreement;

(iii) with respect to a Guarantor other than Wind, if Wind designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with this Indenture;

(iv) with respect to a Guarantor other than Wind, upon Covenant Defeasance as provided in Article 8;

(v) upon Legal Defeasance or satisfaction and discharge of this Indenture as provided in Articles 8 or 13, respectively;

(vi) upon the release of the guarantee that gave rise to the requirement to guarantee the Notes pursuant to Section 4.18, so long as no Event of Default would arise as a result and no other Indebtedness is at that time guaranteed by the relevant Guarantor that would have otherwise given rise to an obligation to guarantee the Notes pursuant to such covenant had the relevant Restricted Subsidiary not already been a Guarantor; or

(vii) as described in Article 9.

ARTICLE 12
PRIORITY AGREEMENT AND ADDITIONAL PRIORITY AGREEMENTS

Section 12.01 *Priority Agreement.*

This Indenture is entered into with the benefit of, and subject to the terms of, the Priority Agreement and each Holder, by accepting a Note, shall be deemed to have agreed to, and accepted the terms and conditions of, the Priority Agreement. The rights and benefits of the Holders and the Trustee (on its own behalf and on behalf of the Holders) are subject to the terms of the Priority Agreement (including, without limitation, Clause 6 (*Turnover*) thereof). The Senior Creditors and the Hedging Banks (each as defined in the Priority Agreement), acting through their agents or trustees, are granted (or have as a matter of law) third party beneficiary rights in respect of this Section 12.01.

Section 12.02 *Priority Agreement; Additional Priority Agreements.*

(a) The Trustee is a party to the Priority Agreement, and each Holder, by accepting such Note, will be deemed to have (1) authorized each of the Trustee and the Security Agent to be a party to the Priority Agreement, (2) agreed to be bound by all the terms and provisions of the Priority Agreement applicable to such Holder and (3) irrevocably appointed the Trustee and the Security Agent to act on its behalf and to perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Priority Agreement.

(b) Subject to Articles 4 and 5, at the request of the Issuer or Wind, at the time of, or prior to, the incurrence by the Issuer, Wind or any of Wind's other Restricted Subsidiaries of Indebtedness permitted pursuant to Section 4.09, Wind, the relevant Restricted Subsidiary, the Trustee and the Security Agent will (without the consent of the Holders of the Notes) enter into an additional intercreditor agreement or priority agreement (each, an "*Additional Priority Agreement*") on terms substantially similar to the Priority Agreement containing substantially the same terms as the Priority Agreement (or more favorable to the Holders of the Notes) or an amendment to or an amendment and restatement of the Priority Agreement (which amendment does not adversely affect the rights of Holders of the Notes), provided that such Priority Agreement or Additional Priority Agreement will not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee and/or the Security Agent under this Indenture, any Additional Priority Agreement or the Priority Agreement. Any such Additional Priority Agreement shall provide for the release of any subordinated guarantee or junior security on the same terms as the existing Priority Agreement. Only one such Priority Agreement shall be outstanding at any one time or, if more than one such Priority Agreement is outstanding at any one time, the collective terms of such Priority Agreements must be no more disadvantageous to the Holders of the Notes than if all such Indebtedness was a party to one such Priority Agreement.

Any such security interest or guarantee shall provide for its release and termination on the same terms as the Collateral or Note Guarantees, as the case may be. Such amendment and/or restatement of the Priority Agreement or additional intercreditor agreement or priority agreement, as the case may be, will not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee or the Holders of Notes under this Indenture or the Priority Agreement or result in the Trustee or the Holders of the Notes being in breach of, or otherwise in violation of, the Priority Agreement.

Each Holder of Notes, by the Holder's acceptance thereof, will be deemed to have agreed to and accepted the terms and condition of the Priority Agreement or any amendment and/or restatement of the Priority Agreement or any additional priority agreement or intercreditor agreement contemplated hereby, and the entry into such amendment and/or restatement of the Priority Agreement or additional priority agreement or intercreditor agreement by the Security Agent and the Trustee and the performance of their obligations and the exercise of their rights thereunder and in connection therewith.

At the direction of the Issuer and without the consent of the Holders of the Notes, the Trustee will from time to time enter into one or more amendments and/or restatements of the Priority Agreement or any such additional

intercreditor agreement or priority agreement to: (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) increase the amount of Indebtedness of the types covered thereby that may be incurred by the Issuer, Wind or any of its Subsidiaries that is subject thereto (including, without limitation, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes); (iii) add Guarantors thereto; (iv) further secure the Notes (including Additional Notes); or (v) make any other such change thereto that does not adversely affect the rights of Holders of the Notes in any material respect. The Issuer will not otherwise direct the Trustee to enter into any amendment and/or restatement of the Priority Agreement or, if applicable, any additional intercreditor agreement or priority agreement, without the consent of the Holders of a majority in principal amount of the outstanding Notes.

ARTICLE 13 SATISFACTION AND DISCHARGE

Section 13.01 Satisfaction and Discharge.

(a) This Indenture will be discharged and will cease to be of further effect as to all Notes, when:

(i) either:

(A) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to a Paying Agent or Registrar for cancellation; or

(B) all Notes that have not been delivered to the applicable Paying Agent or Registrar for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or a Guarantor has irrevocably deposited or caused to be deposited with the Trustee or its designee as trust funds in trust solely for the benefit of the Holders, with respect to the Euro Notes, cash in euros, Cash Equivalents consisting of non-callable euro-denominated government securities or a combination of cash in euros and Cash Equivalents consisting of non-callable euro-denominated government securities and, with respect to the Fixed Rate Dollar Notes, cash in U.S. dollars, Cash Equivalents consisting of non-callable U.S. dollar-denominated government securities or a combination of cash in U.S. dollars or Cash Equivalents consisting of non-callable U.S. dollar-denominated government securities, in either case, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to a Paying Agent or Registrar for cancellation of principal, premium, Additional Amounts (if any) and accrued interest to the date of maturity or redemption;

(ii) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or a Guarantor is a party or by which the Issuer or a Guarantor is bound;

(iii) the Issuer (failing which, the Guarantor(s)) have paid or caused to be paid all other amounts payable by it under this Indenture and the Notes; and

(iv) the Issuer has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel (which shall be independent of the Issuer) to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

(b) With respect to the termination of obligations with respect to Section 13.01(a)(i)(A), the obligations of the Issuer under Section 7.07 shall survive. With respect to the termination of obligations with respect to

Section 13.01(a)(i)(B), the obligations of the Issuer in Sections 2.02, 2.03, 2.04, 2.06, 2.07, 2.11, 4.01, 4.02, 4.06, 7.07, 7.08, 8.05, and 8.07 shall survive until the Notes are no longer outstanding. Thereafter, only the obligations of the Issuer in Sections 7.07, 7.08, and 8.07 shall survive. After any such irrevocable deposit, the Trustee upon request shall acknowledge in writing the discharge of the obligations of the Issuer under this Indenture, the Notes and the Subsidiary guarantees, if any, except for those surviving obligations specified above.

(c) Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to Section 13.01(a)(i)(B), the provisions of Sections 13.02 and 8.06 will survive. In addition, nothing in this Section 13.01 will be deemed to discharge those provisions of Section 7.07, that, by their terms, survive the satisfaction and discharge of this Indenture.

Section 13.02 *Application of Trust Money.*

(a) Subject to the provisions of Section 8.05, all money deposited with the Trustee pursuant to Section 13.01 shall be held in trust and applied by it, in accordance with the provisions of Section 6.10; but such money need not be segregated from other funds except to the extent required by law.

(b) If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with this Section 13.02 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 13.01; *provided* that if the Issuer has made any payment of principal of, premium, if any, or interest on any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 14 MISCELLANEOUS

Section 14.01 *Notices.*

(a) Any notice or communication by the Issuer or the Trustee or the Agent to the others is duly given if in writing in English and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), teletype or facsimile transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Issuer:

Wind Acquisition Finance S.A.
18-20, Rue Edward Steichen
L-2540 Luxembourg
Grand Duchy of Luxembourg
Facsimile: +352 262 58121
Attention: Board of Directors

With a copy to:

White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom
Facsimile No.: +44 207 532 1001
Attention: Rob Mathews

If to Wind:

WIND Telecomunicazioni S.p.A.
Via Cesare Giulio Viola, 48
00148 Rome
Italy
Facsimile No.: + 39 06 8311 3844
Attention: Giuseppe Gola

With a copy to:

White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom
Facsimile No.: +44 207 532 1001
Attention: Rob Mathews

If to the Trustee:

Deutsche Bank Trust Company Americas
Trust & Agency Services
60 Wall Street, 16th Floor
Mail Stop: NYC60-1630
New York, New York 10005
Attn: Corporates Team Deal Manager—Wind Acquisition Finance S.A.
Fax: 732-578-4635

With a copy to:

Deutsche Bank Trust Company Americas
c/o Deutsche Bank National Trust Company
Trust & Agency Services
100 Plaza One, Mailstop JCY03-0699
Jersey City, New Jersey 07311
Attn: Corporates Team Deal Manager—Wind Acquisition Finance S.A.
Fax: 732-578-4635

(b) The Issuer, Wind or the Trustee, by notice to the others may designate additional or different addresses for subsequent notices or communications.

(c) All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed and confirmed by facsimile; when receipt acknowledged, if telecopied or transmitted by facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

(d) All notices to the Holders (while any Notes are represented by one or more Global Notes) shall be delivered to DTC, Euroclear and Clearstream, as applicable for communication to entitled account holders or, alternatively, will be valid if published in a leading English language daily newspaper published in the City of London and a leading English language daily newspaper published in the Borough of Manhattan, City of New York or such other English language daily newspaper with general circulation in Europe or the United States, as the case may be, as the Trustee may approve. It is expected that any such publication will normally be made in the *Financial Times* or the *Wall Street Journal*. So long as the Notes are listed on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, all notices to Holders will also be published

in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or to the extend and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. In the case of Definitive Registered Notes, notices will be mailed to Holders by first-class mail at their respective addresses as they appear on the records of the Registrar, unless stated otherwise in the register kept by, and at the registered office of the Issuer.

(e) Notices given by publication will be deemed given on the first date on which publication is made. Notices delivered to DTC Euroclear and Clearstream will be deemed given on the date when delivered. Notices given by first class mail, postage paid, will be deemed given five calendar days after mailing whether or not the addressee receives it.

(f) If a notice or communication is mailed or published in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Issuer or Wind mails a notice or communication to Holders or delivers a notice or communication to holders of Book-Entry Interests, it shall mail a copy to the Trustee and each Agent at the same time.

Section 14.02 *Communications by Holders of Notes with Other Holders of Notes.*

Holders may communicate pursuant to TIA § 312(b) as if this Indenture were required to be qualified under the TIA, with other Holders with respect to their rights under this Indenture or the Notes.

Section 14.03 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Issuer or Wind to the Trustee to take any action under this Indenture, the Issuer shall furnish to the Trustee:

(i) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 14.04) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and/or

(ii) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 14.04) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

Section 14.04 *Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that the Person making such certificate or opinion has read such covenant or condition;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(iv) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 14.05 *Rules by Trustee and Agents.*

The Trustee may make reasonable rules for action by or at a meeting of Holders. For the avoidance of doubt, the provisions of articles 86 to 94-8 of the Luxembourg Companies Act of 1915 shall not apply in relation to the Notes. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 14.06 *Agent for Service; Submission to Jurisdiction; Waiver of Immunities.*

Each of the parties hereto irrevocably agrees that any suit, action or proceeding arising out of, related to, or in connection with this Indenture, the Notes and the Note Guarantee or the transactions contemplated hereby, and any action arising under U.S. federal or state securities laws, may be instituted in any U.S. federal or state court located in the State and City of New York, Borough of Manhattan; irrevocably waives, to the fullest extent it may effectively do so, any objection which it may now or hereafter have to the laying of venue of any such proceeding; and irrevocably submits to the jurisdiction of such courts in any such suit, action or proceeding. Each of Issuer and Wind has appointed Corporate Service Corporation as its authorized agent upon whom process may be served in any such suit, action or proceeding which may be instituted in any federal or state court located in the State of New York, Borough of Manhattan arising out of or based upon this Indenture, the Notes or the transactions contemplated hereby or thereby, and any action brought under U.S. federal or state securities laws (each an “*Authorized Agent*”). Each of the Issuer and Wind expressly consents to the jurisdiction of any such court in respect of any such action and waives any other requirements of or objections to personal jurisdiction with respect thereto. Such appointment shall be irrevocable unless and until replaced by an agent reasonably acceptable to the Trustee. Each of the Issuer and Wind represents and warrants that the Authorized Agent has agreed to act as said agent for service of process, and each of the Issuer and Wind agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent and written notice of such service to the Issuer shall be deemed, in every respect, effective service of process upon the Issuer and/or Wind.

Section 14.07 *No Personal Liability of Directors, Officers, Employees and Shareholders.*

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantor(s) under the Notes, this Indenture, the Note Guarantees and the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Section 14.08 *Governing Law.*

THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 14.09 *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Issuer or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 14.10 *Successors.*

All agreements of the Issuer in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

Section 14.11 *Severability.*

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 14.12 *Counterpart Originals.*

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 14.13 *Table of Contents, Headings, etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 14.14 *Judgment Currency.*

Any payment on account of an amount that is payable in euros or U.S. dollars, as the case may be (the “*Required Currency*”), which is made to or for the account of any Holder of the Notes or the Trustee in lawful currency of any other jurisdiction (the “*Judgment Currency*”), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or a Guarantor, shall constitute a discharge of the Issuer or the Guarantor’s obligation under this Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of the Required Currency with such Holder or the Trustee or its designee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such Holder or the Trustee, as the case may be, the Issuer shall indemnify and hold harmless the Holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Section 14.15 *Prescription*

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

(Signatures on following page)

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

WIND ACQUISITION FINANCE S.A., as Issuer

By: /s/ Riccardo Marsili

Name: Riccardo Marsili

Title: Authorised Signatory

WIND TELECOMUNICAZIONI S.P.A., as
Guarantor

By: /s/ Roberto Vitto _____

Name: Roberto Vitto

Title: Authorised Signatory

Signed for and on behalf of:

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Trustee

By: /s/ J. Beadle

Name: J. Beadle

Title: Attorney

By: /s/ A. Corderoy

Name: A. Corderoy

Title: Attorney

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as U.S. Paying Agent, U.S. Registrar
and U.S. Transfer Agent

By: /s/ J. Beadle

Name: J. Beadle
Title: Attorney

By: /s/ A. Corderoy

Name: A. Corderoy
Title: Attorney

Signed for and on behalf of:

DEUTSCHE BANK AG, LONDON BRANCH, as
Principal Paying Agent and Calculation Agent

By: /s/ J. Beadle

Name: J. Beadle

Title: Director

By: /s/ A. Corderoy

Name: A. Corderoy

Title: Director

Signed for and on behalf of:

DEUTSCHE BANK LUXEMBOURG S.A., as
Luxembourg Paying Agent, Transfer Agent and
Registrar

By: /s/ J. Beadle

Name: J. Beadle

Title: Attorney

By: /s/ A. Corderoy

Name: A. Corderoy

Title: Attorney

EXHIBIT A

FORM OF NOTE

WIND ACQUISITION FINANCE S.A.

**[4¾% Senior Secured Notes due 2020]¹ [4% Senior Secured Notes due 2020]²
[Floating Rate Senior Notes due 2020]³**

GUARANTEED BY
THE GUARANTORS (AS DEFINED IN THE INDENTURE)

No. []

ISIN:

[CUSIP:]¹

COMMON CODE:

[\$]¹[€]^{2,3}

Issue Date:

WIND ACQUISITION FINANCE S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 18-20, Rue Edward Steichen, L-2540 Luxembourg, and registered with the Luxembourg trade and companies register under number B109.825, for value received promises to pay to []⁴, or registered assigns, upon surrender hereof, the principal sum of [[] dollars]¹[[] euro]^{2,3}, subject to any adjustments listed on The Schedule of Exchanges of Interests in the Global Note attached hereto, on July 15, 2020.

Interest Payment Dates: [January 15 and July 15]^{1,2}[January 15, April 15, July 15 and October 15]³.

Record Dates: [January 1 and July 1]^{1,2}[January 1, April 1, July 1 and October 1]³.

Reference is hereby made to the further provisions of this Note set forth herein, which further provisions shall for all purposes have the same effect as if set forth at this place.

¹ Applicable to Fixed Rate Dollar Notes

² Applicable to Fixed Rate Euro Notes

³ Applicable to Floating Rate Notes

⁴ Insert name of registered holder

IN WITNESS WHEREOF, the parties hereto have caused this Note to be signed manually or by facsimile by the duly authorized officer referred to below.

WIND ACQUISITION FINANCE S.A., as Issuer

By: _____

Name:

Title:

This is one of the Notes referred to
in the within-mentioned Indenture:

[DEUTSCHE BANK LUXEMBOURG S.A.]^{2,3} [DEUTSCHE BANK TRUST COMPANY AMERICAS]¹,
not in its personal capacity but in its capacity as the [Euro Notes]^{2,3} [Dollar Notes]¹ Authenticating Agent
appointed by the Trustee, DEUTSCHE BANK TRUST COMPANY AMERICAS.

By: _____
Authorized Signatory

By: _____
Authorized Signatory

¹ Applicable to Fixed Rate Dollar Notes
² Applicable to Fixed Rate Euro Notes
³ Applicable to Floating Rate Notes

WIND ACQUISITION FINANCE S.A.

**[4¾% Senior Secured Notes due 2020]¹ [4% Senior Secured Notes due 2020]²
[Floating Rate Senior Notes due 2020]³**

GUARANTEED BY
THE GUARANTORS (AS DEFINED IN THE INDENTURE)

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *[INTEREST.* WIND ACQUISITION FINANCE S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 18-20, Rue Edward Steichen, L-2540 Luxembourg, and registered with the Luxembourg trade and companies register under number B109.825 (the “*Issuer*”), promises to pay interest on the principal amount of this Note at [4.750%]¹[4.000%]² per annum from until maturity. The Issuer will pay interest semi-annually in arrears on January 15th and July 15th of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an “*Interest Payment Date*”). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided, further*, that the first Interest Payment Date shall be

 . The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Amounts (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.]^{1 2}

[INTEREST. WIND ACQUISITION FINANCE S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 18-20, Rue Edward Steichen, L-2540 Luxembourg, and registered with the Luxembourg trade and companies register under number B109.825 (the “*Issuer*”), promises to pay interest on the principal amount of this Note at a rate per annum (the “*Applicable Rate*”), reset quarterly, equal to EURIBOR plus 400 basis points, as determined by an agent appointed by the Issuer to calculate EURIBOR for the purposes of the Indenture (the “*Calculation Agent*”), from until maturity. The Issuer will pay interest quarterly in arrears on January 15th, April 15th, July 15th and October 15th of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an “*Interest Payment Date*”). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from ¹ Applicable to Fixed Rate Dollar Notes the date of issuance; *provided* that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided, further*, that the

¹ Applicable to Fixed Rate Dollar Notes

² Applicable to Fixed Rate Euro Notes

³ Applicable to Floating Rate Notes

first Interest Payment Date shall be . The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Amounts (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year and the actual number of days elapsed.

The Calculation Agent will, as soon as practicable after 11:00 a.m., Brussels time, on each Determination Date, determine the Applicable Rate, and calculate the aggregate amount of interest payable on the Floating Rate Notes in respect of the following Interest Period (the “*Interest Amount*”). The Interest Amount will be calculated by applying the Applicable Rate to the principal amount of the Floating Rate Notes outstanding at the commencement of the Interest Period, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 360.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 4.876545% (or 0.04876545) being rounded to 4.87655% (or 0.487655)). All euro amounts used in or resulting from such calculations will be rounded to the nearest euro cent (with one-half euro cent being rounded upwards). The determination of the Applicable Rate and the Interest Rate Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be binding on all parties.

The Calculation Agent will, upon the written request of the Holder of any Note, provide the interest rate then in effect with respect to the Floating Rate Notes. The rights of holders of beneficial interests in the Floating Rate Notes to receive the payments of interest on the Floating Rate Notes will be subject to applicable procedures of Euroclear and Clearstream, as applicable. The Applicable Rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by applicable law.

In certain circumstances, the Issuer may be required to pay additional amounts in cash on the Floating Rate Notes described in Section 4.19 of the Indenture.

Set forth below is a summary of certain of the defined terms used in the Indenture relating to the calculation of interest on the Floating Rate Notes:

“*Determination Date*” means with respect to an Interest Period, the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

“*EURIBOR*” means with respect to an Interest Period, the rate (expressed as a percentage per annum) for deposits in euros for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Page EURIBOR01 as of 11:00 a.m. Brussels time, on the Determination Date. If Reuters Page EURIBOR01 does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the Euro-zone interbank market, as selected by the Calculation Agent, to provide such bank’s offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the Euro-zone interbank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Calculation Agent will request each of three major banks in London, as selected by the Calculation Agent, to provide such bank’s rate (expressed as a percentage per annum), as of approximately 11:00 a.m., Brussels time, on such Determination Date, for loans in a Representative Amount in euros to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided, then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period.

“Euro-zone” means the region composed of member states of the European Union that at the relevant time have adopted the euro.

“Interest Period” means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and exclude October 15, 2014.

“Representative Amount” means the greater of (a) €1.0 million and (b) an amount that is representative for a single transaction in the relevant market at the relevant time.

“Reuters Page EURIBOR01” means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

“TARGET Settlement Day” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.³

(2) *METHOD OF PAYMENT.* The Issuer will pay interest on the [Fixed Rate Notes]^{1 2} [Floating Rate Notes]³ (except defaulted interest) to the Persons who are registered Holders of [Fixed Rate Notes]^{1 2} [Floating Rate Notes]³ at the close of business on [January 15th and July 15th]^{1 2} [January 15th, April 15th, July 15th and October 15th]³ preceding the next Interest Payment Date, even if such [Fixed Rate Notes]^{1 2} [Floating Rate Notes]³ are cancelled after such record date and on or before such Interest Payment Date, except as provided in Section 2.11 of the Indenture with respect to defaulted interest. The [Fixed Rate Notes]^{1 2} [Floating Rate Notes]³ will be payable as to principal, interest, premium and Additional Amounts, if any, through the Paying Agents as provided in the Indenture. Such payment shall be in [dollars]¹[euro]^{2 3}.

(3) *PAYING AGENT, REGISTRAR[, CALCULATION AGENT]³ AND TRANSFER AGENT.* Initially, Deutsche Bank AG, London Branch will act as Principal Paying Agent [and Calculation Agent]³. Deutsche Bank Trust Company Americas will act as U.S. Registrar, U.S. Paying Agent and U.S. Transfer Agent in New York City. Deutsche Bank Luxembourg S.A. will act as Registrar, Transfer Agent and Luxembourg Listing Agent in Luxembourg for so long as the Notes are admitted to trading on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange and the rules and regulations of the Luxembourg Stock Exchange so require. Upon notice to the Trustee, the Issuer may change any Paying Agent, Registrar [, Calculation Agent]³ or Transfer Agent; *provided, however*, that in no event may the Issuer appoint a Principal Paying Agent in any member state of the European Union where the Principal Paying Agent would be obliged to withhold or deduct tax in connection with any payment made by it in relation to the Notes unless the Principal Paying Agent would be so obliged if it were located in all other member states. The Issuer will publish a notice of any change of Paying Agent, Registrar [, Calculation Agent]³ or Transfer Agent in a newspaper having a general circulation in Luxembourg (currently expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules and regulations, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*), in accordance with Section 14.01 of the Indenture.

(4) *INDENTURE.* The Issuer issued the Notes under an Indenture dated as of July 10, 2014 (the “*Indenture*”) between the Issuer, Wind, Deutsche Bank Trust Company Americas, as trustee, Deutsche Bank AG, London Branch, Deutsche Bank Trust Company Americas and Deutsche Bank Luxembourg S.A. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to certain provisions of the Trust Indenture Act of 1939, as amended (15 U.S. Code §§ 77aaa-77bbbb). The Notes are subject to all such

¹ Applicable to Fixed Rate Dollar Notes

² Applicable to Fixed Rate Euro Notes

³ Applicable to Floating Rate Notes

terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.

(5) *OPTIONAL REDEMPTION.*

[(a) At any time prior to July 15, 2016, the Issuer may, on one or more occasions redeem, during each 12 month period commencing with the Issue Date, up to 10% of the then outstanding aggregate principal amount of the [Fixed Rate Euro Notes]² [Fixed Rate Dollar Notes]¹, upon not less than 10 nor more than 60 days' prior written notice to the holders, at a redemption price equal to 103% of the principal amount of [Fixed Rate Euro Notes]² [Fixed Rate Dollar Notes]¹ redeemed, as applicable, plus accrued and unpaid interest and Additional Amounts, if any, on the [Fixed Rate Euro Notes]² [the Fixed Rate Dollar Notes]¹ redeemed, as applicable, to the applicable date of redemption, subject to the rights of holders of the [Fixed Rate Euro Notes]² [the Fixed Rate Dollar Notes]¹, as applicable, on the relevant record date to receive interest due on the relevant interest payment date.

(b) At any time prior to July 15, 2016, the Issuer may, at its option, on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes (including any Additional Notes) issued under the Indenture [at a redemption price of 104.750% of the principal amount for Fixed Rate Dollar Notes]¹ [at a redemption price of 104.000% of the principal amount for Fixed Rate Euro Notes]², plus accrued and unpaid interest and Additional Amounts (if any) then due to the redemption date, with the net cash proceeds of any Equity Offering of common stock or ordinary shares of (i) Wind, or (ii) any Parent Holdco of Wind to the extent the proceeds from such Equity Offering are contributed to Wind's common equity capital or are paid to Wind as consideration for the issuance of common stock or ordinary shares of Wind or as Subordinated Shareholder Debt; provided that:

(1) at least 65% of the aggregate principal amount of [Fixed Rate Euro Notes]²[Fixed Rate Dollar Notes]¹ originally issued under this Indenture (excluding Notes held by the Issuer, Wind and their respective Affiliates) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 120 days of the date of the closing of the relevant Equity Offering.

(c) At any time prior to July 15, 2016, the Issuer may at its option also redeem all or a part of the [Fixed Rate Euro Notes]²[Fixed Rate Dollar Notes]¹, upon not less than 10 nor more than 60 days' notice, pursuant to Section 3.03 and Section 14.01 of the Indenture at a redemption price equal to 100% of the principal amount of Notes redeemed plus the Applicable Premium (calculated as of a date no more than three Business Days prior to the date of the relevant redemption notice) as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of Holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date).

(d) Except pursuant to subsections (a) and (b) of Section 3.07 or as set forth in Section 3.08, the Fixed Rate Notes will not be redeemable at the Issuer's option prior to July 15, 2016. On or after July 15, 2016, the Issuer may at its option redeem all or a part of the [Euro Notes]²[Fixed Rate Dollar Notes]¹, upon not less than 10 nor more than 60 days' notice, delivered to each Holder pursuant to Section 3.03 and Section 14.01 of the Indenture at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and all Additional Amounts, if any, then due on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on July 15 of the years indicated below, subject to the rights of Holders of Fixed Rate Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Fixed Rate Euro Notes	Fixed Rate Dollar Notes
2016	102.000%	102.375%
2017	101.000%	101.188%
2018 and thereafter	100.000%	100.000%

¹ Applicable to Fixed Rate Dollar Notes.

² Applicable to Fixed Rate Euro Notes.

(e) Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Fixed Rate Notes or portions thereof called for redemption on the applicable redemption date.]^{1 2}

[(a) At any time prior to July 15, 2015, the Issuer may at its option also redeem all or a part of the Floating Rate Notes upon not less than 10 nor more than 60 days' notice, pursuant to Section 3.03 and Section 14.01 of the Indenture at a redemption price equal to 100% of the principal amount of Floating Rate Notes redeemed plus the Applicable Floating Rate Note Premium (calculated as of a date no more than three business days prior to the date of the relevant redemption notice) as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Floating Rate Notes on the relevant record date to receive interest due on the relevant interest payment date.

(b) Except pursuant to subsections (b) of Section 3.07, the Floating Rate Notes will not be redeemable at the Issuer's option prior to July 15, 2015.

(c) On or after July 15, 2015, the Issuer may at its option redeem all or a part of the Floating Rate Notes upon not less than 10 nor more than 60 days' notice, delivered to each Holder pursuant to Section 3.03 and Section 14.01 of the Indenture at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and all Additional Amounts (if any) then due on the Floating Rate Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on July 15 of the years indicated below, subject to the rights of holders of Floating Rate Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Floating Rate Notes
2015 and thereafter	100.000%

(d) Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Floating Rate Notes or portions thereof called for redemption on the applicable redemption date.]³

(6) Redemption for Taxation Reasons.

(a) The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior notice of redemption to the Holders thereof pursuant to Section 3.03 and Section 14.01 of the Indenture, at a redemption price equal to the principal amount thereof, together with accrued and unpaid interest to the date fixed by the Issuer for redemption (a "Tax Redemption Date") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of Holders of the Notes on the relevant record date to receive interest due on the relevant Interest Payment Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Issuer has or would be required to pay Additional Amounts, and the Issuer cannot avoid any such payment obligation by taking reasonable measures available to it, as a result of:

(i) any change in, or amendment to, the laws or treaties (or any regulations, or rulings promulgated thereunder) of a relevant Tax Jurisdiction affecting taxation which change or amendment has not been publicly announced as formally proposed before and which becomes effective on or after the date of the Indenture (or, if the relevant Tax Jurisdiction has been added since the date of the Indenture, the date on which that relevant Tax Jurisdiction became a Tax Jurisdiction under the Indenture); or

(ii) any change in, or amendment to, the existing official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice), which change, amendment, application or interpretation has not been publicly announced as formally proposed

¹ Applicable to Fixed Rate Dollar Notes
² Applicable to Fixed Rate Euro Notes
³ Applicable to Floating Rate Notes

before and becomes effective on or after the date of the Indenture (or, if the relevant Tax Jurisdiction has been added since the date of the Indenture, the date on which that relevant Tax Jurisdiction became a Tax Jurisdiction under the Indenture).

(b) The Issuer will not give any such notice of redemption earlier than 90 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes were then due. Notwithstanding the foregoing, the Issuer may not redeem the Notes under this provision if the relevant Tax Jurisdiction became a Tax Jurisdiction after the date of the Indenture and the Issuer is obligated to pay any Additional Amounts as a result of a change in, or an amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder), or any change in or amendment to, any official position regarding the application, administration or interpretation of such laws, treaties, regulations or rules, of that relevant Tax Jurisdiction which, at the time such Tax Jurisdiction became a Tax Jurisdiction under the Indenture, was publicly announced as formally proposed. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to Section 3.03 of the Indenture, the Issuer will deliver to the Trustee an opinion of internationally recognized counsel, to the effect that there has been such change or amendment and otherwise in compliance with Section 14.04 of the Indenture. In addition, before the Issuer publishes or mails notice of redemption of the Notes pursuant to Section 3.03 of the Indenture, it will deliver to the Trustee an Officer's Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by the Issuer taking reasonable measures available to it. The Trustee will accept such Officer's Certificate and opinion of counsel as sufficient evidence of the existence of satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the Holders. For the avoidance of doubt, the implementation of European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing, or complying with, or introduced in order to conform to, such directive will not be a change or amendment for such purposes.

(8) *MANDATORY REDEMPTION.* The Issuer shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

(9) *REPURCHASE AT OPTION OF HOLDER.*

(a) If a Change of Control occurs, each Holder of Notes will have the right to require the Issuer to repurchase all or any part (in integral multiples of [\$1,000 for Fixed Rate Dollar Notes]¹ [€1,000 for Fixed Rate Euro Notes]² [€1,000 for Floating Rate Notes]³; *provided* that [Fixed Rate Dollar Notes of \$200,000 or less]¹ [Fixed Rate Euro Notes of €100,000 or less]² [Floating Rate Notes of €100,000 or less]³ may only be redeemed in whole and not in part) of that Holder's Notes pursuant to the offer described below (the "*Change of Control Offer*") at a price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount of Notes repurchased on the date of purchase plus accrued and unpaid interest and all Additional Amounts (if any) then due on the Notes repurchased to the date of purchase, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following a Change of Control, the Issuer will give notice to each Holder describing the circumstances and/or facts that constitute the Change of Control and offering to purchase all Notes on the Change of Control Payment Date specified in the notice given to the Holders pursuant to Section 3.03 of the Indenture.

(b) Any Net Proceeds from Asset Sales that are not applied or invested as provided and within the time period set forth in the Indenture will constitute "*Excess Proceeds.*" When the aggregate amount of Excess Proceeds exceeds €35.0 million, within 25 days thereof, the Issuer (or a Guarantor on the Issuer's behalf)

¹ Applicable to Fixed Rate Dollar Notes

² Applicable to Fixed Rate Euro Notes

³ Applicable to Floating Rate Notes

will make an Asset Sale Offer in accordance with the procedures set forth in the Indenture to all Holders of Notes and creditors under any other *Pari Passu* Indebtedness containing provisions similar to those set forth in Section 4.10 of the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (including for such purposes, the 2013 Indenture Senior Secured Notes), to purchase the maximum principal amount (on a *pro rata* basis) of the Notes and such other *Pari Passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount of the Notes plus accrued and unpaid interest and Additional Amounts then due (if any) to the date of purchase and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer or Wind may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and other *Pari Passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee will select the Notes to be purchased on a *pro rata* basis or by lot. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

(10) DENOMINATIONS, TRANSFER, EXCHANGE.

(a) [The Global Notes are in global registered form without coupons attached.]⁴ [The Fixed Rate Dollar Global Notes will represent the aggregate principal amount of all the Fixed Rate Dollar Notes issued and not yet cancelled other than Fixed Rate Dollar Definitive Registered Notes.]⁵ [The Fixed Rate Euro Global Notes will represent the aggregate principal amount of all the Fixed Rate Euro Notes issued and not yet cancelled other than Fixed Rate Euro Definitive Registered Notes.]⁶ [The Floating Rate Global Notes will represent the aggregate principal amount of all the Floating Rate Notes issued and not yet cancelled other than Floating Rate Definitive Registered Notes.]⁷ [A Holder may transfer or exchange Global Notes in accordance with the Indenture.]⁴

(b) [The [Fixed Rate Dollar]⁸[Fixed Rate Euro]⁹ [Floating Rate]¹⁰ Definitive Registered Notes are in registered form without coupons attached in denominations of [\$200,000]⁸ [€100,000]^{9 10} and integral multiples of [\$]⁸[€]^{9 10}1,000 above [\$200,000]⁸ [€100,000]^{9 10}. A Holder may transfer or exchange Definitive Registered Notes in accordance with the Indenture. The Indenture requires a Holder, among other things, to furnish appropriate endorsements and transfer documents. The Issuer shall not be required to register the transfer of any Definitive Registered Notes: (A) for a period of 15 calendar days prior to any date fixed for the redemption of the Notes under Section 3.03 of the Indenture; (B) for a period of 15 calendar days immediately prior to the date fixed for selection of Notes to be redeemed in part; (C) for a period of 15 calendar days prior to the record date with respect to any interest payment date; or (D) which the registered Holder of Notes has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.]¹¹

(11) *PERSONS DEEMED OWNERS*. The registered Holder of a Note may be treated as its owner for all purposes.

(12) *AMENDMENT, SUPPLEMENT AND WAIVER*. Subject to certain exceptions, the Indenture, the Notes, any Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or the Indenture) or any Security Document may be

⁴ Include in any Global Note

⁵ Include in any Fixed Rate Dollar Global Note

⁶ Include in any Fixed Rate Euro Global Note

⁷ Include in any Floating Rate Global Note

⁸ Include in any Fixed Rate Dollar Definitive Registered Note

⁹ Include in any Fixed Rate Euro Definitive Registered Note

¹⁰ Include in any Floating Rate Definitive Registered Note

¹¹ Include in any Definitive Registered Note

amended or supplemented by the Issuer, the Guarantors and/or the Trustee, as applicable, with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes and issued under the Indenture (including, without limitation, Additional Notes, if any) voting as a single class and, subject to Sections 6.04 and 6.07 of the Indenture, any existing Default or Event of Default (other than a continuing Default or Event of Default in the payment of the principal of, interest and premium and Additional Amounts, if any, on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of the Indenture, the Notes, any Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or the Indenture) or any Security Document may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Without the consent of any Holder, the Issuer, the Guarantors and the Trustee may amend or supplement the Indenture, the Notes, any Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or the Indenture) or any Security Document to cure any ambiguity, omission, defect or inconsistency; to provide for uncertificated Notes in addition to or in place of certificated Notes; to provide for the assumption by a Successor Company or any other Person formed by or surviving any consolidation, merger, amalgamation or combination that would not violate the provisions of Article 5 of the Issuer's or a Guarantor's obligations to the Holders of the Notes under the Indenture, the Notes, any Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or the Indenture) or any Security Document by a successor to the Issuer or such Guarantor pursuant to Article 5 of the Indenture; to make any change that would provide any additional rights or benefits to the Trustee or the Holders or that does not adversely affect the legal rights of any such Holder under the Indenture, to the extent such change would not violate the provisions of the Indenture (including without limitation Section 4.22 of the Indenture) or any secured party under the Security Documents; to conform the text of the Indenture, the Notes, a Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into in accordance with the terms of the Priority Agreement or the Indenture) or any Security Document to any provision of the "Description of Notes" section of the Offering Memorandum, to the extent that such provision in that "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes, a Note Guarantee, the Priority Agreement or any Security Document; to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the date hereof; to allow any Guarantor to execute a Supplemental Indenture, Security Document and/or a Note Guarantee with respect to the Notes; to the extent necessary to provide for the granting of a security interest for the benefit of any Person, *provided* that the granting of such security interest is not prohibited under the Indenture; or to evidence and provide for a successor Trustee as provided for in the Indenture. For the avoidance of doubt, the provisions of articles 86 to 94-8 of the Luxembourg act dated 10 April 1915 on commercial companies, as amended, shall not apply to this Note.

(13) *DEFAULTS AND REMEDIES*. The following events constitute "*Events of Default*" under the Indenture:

- (i) default for 30 days in the payment when due of interest or any Additional Amounts on or with respect to the Notes; (ii) default in payment when due (at maturity, upon redemption or otherwise) of principal of, or premium, if any, on the Notes; (iii) failure by the Issuer, Wind or any of Wind's other Restricted Subsidiaries to comply with Section 4.10, Section 4.15, Section 4.24(b) or Section 5.01; (iv) failure by the Issuer, Wind or any of Wind's other Restricted Subsidiaries for 60 days after notice to the Issuer and Wind by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than those described in clauses (i), (ii) and (iii) above), the Notes, the Note Guarantee, the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into pursuant to the terms of the Priority Agreement or the Indenture) or any Security Document; (v) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Issuer, Wind or any of Wind's other Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer, Wind or any of Wind's other Restricted

Subsidiaries), whether such Indebtedness or guarantee now exists, is created after the date of the Indenture, if that default (I) is caused by the failure to pay principal of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a “*Payment Default*”) or (II) results in the acceleration of such Indebtedness prior to its Stated Maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated (and not rescinded, cured or waived) aggregates €25.0 million or more at any time outstanding (and not rescinded, cured or waived); (vi) failure by the Issuer, Wind or any of Wind’s other Restricted Subsidiaries to pay final judgments for the payment of cash or other assets or properties, or the assumption of liabilities, entered by a court or courts of competent jurisdiction aggregating in excess of €25.0 million, which judgments are not paid, discharged or stayed for a period of 60 consecutive days following such final judgment; (vii) except as permitted by the Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee; (viii) breach by the Issuer, Wind or any of Wind’s other Restricted Subsidiaries of any material representation or warranty or agreement in the Security Documents, the repudiation by Wind or any of its Restricted Subsidiaries of any of its obligations under the Security Documents or the unenforceability of the Security Documents against the Parent, Wind or any of its Subsidiaries for any reason; (ix) the Issuer, Wind or any of Wind’s other Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law (I) commences a voluntary case, (II) consents to the entry of an order for relief against it in an involuntary case, (III) consents to the appointment of a custodian of it or for all or substantially all of its property, (IV) makes a general assignment for the benefit of its creditors, or (V) generally is not paying its debts as they become due; or (x) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (I) is for relief against the Issuer, Wind or any of Wind’s other Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would constitute a Significant Subsidiary in an involuntary case, (II) appoints a custodian of the Issuer, Wind or any of Wind’s other Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of Wind or any of Wind’s other Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would constitute a Significant Subsidiary or (III) orders the liquidation of the Issuer, Wind or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would constitute a Significant Subsidiary, and, in each case, the order or decree remains unstayed and in effect for 60 consecutive days. In the case of an Event of Default specified in clause (ix) or (x) of Section 6.01 of the Indenture, with respect to Wind, any Restricted Subsidiary of Wind that is a Significant Subsidiary or any group of Restricted Subsidiaries of Wind that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Upon any such declaration, the Notes shall become due and payable immediately. Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the Holders of all of the Notes, rescind an acceleration or waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, interest and premium and Additional Amounts, if any, on the Notes (including in connection with an offer to purchase); *provided, however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration or waive an existing Default or Event of Default and its consequences, except a continuing Default or Event of Default in the payment of the principal of, interest and premium and Additional Amounts, if any, on the Notes (including in connection with an offer to purchase). Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of the Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon. Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee

may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability, except a Default or Event of Default relating to the payment of principal, interest, premium or Additional Amounts (if any).

(14) *TRUSTEE DEALINGS WITH ISSUER.* The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or any Affiliate of the Issuer with the same rights it would have if it were not Trustee.

(15) *NO RECOURSE AGAINST OTHERS.* A director, officer, employee, incorporator or stockholder, of the Issuer, Wind or any Guarantor, as such, shall not have any liability for any obligations of the Issuer, Wind or any other Guarantor under the Notes, a Note Guarantees or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability (as far as permitted by law). The waiver and release are part of the consideration for the issuance of the Notes.

(16) *AUTHENTICATION.* This Note shall not be valid until authenticated by the manual signature of an authorized signatory of the Trustee or an authenticating agent.

(17) *ABBREVIATIONS.* Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(18) *[CUSIP,¹ ISIN AND COMMON CODE NUMBERS.* [Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders.]¹ The Issuer has caused ISIN numbers to be printed on the Notes and the Trustee may use ISIN numbers in notices of redemption as a convenience to Holders. In addition, the Issuer has caused Common Code numbers to be printed on the Notes and the Trustee may use Common Code numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of any such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

(19) **GOVERNING LAW**

THE INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Issuer will furnish to any Holder upon written request and without charge a copy of the Indenture, the Priority Agreement and the Security Documents. Requests may be made to:

Wind Acquisition Finance S.A.
18-20, Rue Edward Steichen
L-2540 Luxembourg
Grand Duchy of Luxembourg
Attention: Board of Directors

(20) *SUBJECT TO PRIORITY AGREEMENT.* This Note and the Indenture are entered into with the benefit of and subject to the terms of the Priority Agreement. The rights and benefits of Senior Secured Notes Creditors (as defined in the Priority Agreement) are limited by and subject to the terms of the Priority Agreement. The Senior [Facilities] Creditors and Hedging Banks (each as defined in the Priority Agreement), acting through agents or trustees, have third party beneficiary rights in respect of such statements.

¹ Applicable to Fixed Rate Dollar Notes

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____
(Insert assignee's legal name)

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____

to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of
this Note)

Signature Guarantee*:

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 4.10 or 4.15 of the Indenture, check the appropriate box below:

Section 4.10 Section 4.15

If you want to elect to have only part of the Note purchased by the Issuer pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

[\$][€] _____

Date:

Your Signature: _____
(Sign exactly as your name appears on the face
of this Note)

Tax Identification No.: _____

Signature Guarantee*:

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Registered Note, or exchanges of a part of another Global Note or Definitive Registered Note for an interest in this Global Note, have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease (or increase)</u>	<u>Signature of authorized officer of Trustee, Principal Paying Agent, Custodian or Common Depository</u>
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EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

[Issuer address]

[Trustee/Registrar address]

Re: [\$1,900,000,000 4³/₄% Senior Secured Notes due 2020]¹ [€2,100,000,000 4% Senior Secured Notes due 2020]² [€575,000,000 Floating Rate Senior Secured Notes due 2020]³ of WIND ACQUISITION FINANCE S.A.

Reference is hereby made to the Indenture, dated as of July 10, 2014 (the “*Indenture*”), between, *inter alia*, Wind Acquisition Finance S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 18-20, Rue Edward Steichen, L-2540 Luxembourg and registered with the Luxembourg trade and companies register under number B109.825 (the “*Issuer*”), WIND Telecomunicazioni S.p.A., a joint stock company organized as a *società per azioni* under the laws of the Republic of Italy, as Guarantor, Deutsche Bank Trust Company Americas as Trustee, U.S. Paying Agent, U.S. Registrar and U.S. Transfer Agent, Deutsche Bank AG, London Branch as Principal Paying Agent and Calculation Agent and Deutsche Bank Luxembourg S.A. as Luxembourg Listing Agent, Paying Agent, Transfer Agent and Registrar. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the “*Transferor*”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of [\$]¹[€]² in such Note[s] or interests (the “*Transfer*”), to (the “*Transferee*”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. **Check if Transferee will take delivery of a Book-Entry Interest in a 144A Global Note or a Definitive Registered Note Pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the “*U.S. Securities Act*”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or the Book-Entry Interest or Definitive Registered Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or the Book-Entry Interest or Definitive Registered Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or the Book-Entry Interest or Definitive Registered Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant 144A Global Note and/or the Definitive Registered Note and in the Indenture and the U.S. Securities Act.

2. **Check if Transferee will take delivery of a Book-Entry Interest in a Regulation S Global Note or a Definitive Registered Note pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the U.S. Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy

¹ Applicable to Fixed Rate Dollar Notes

² Applicable to Fixed Rate Euro Notes

³ Applicable to Floating Rate Notes

order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market, (ii) such Transferor does not know that the transaction was prearranged with a buyer in the United States, (iii) no directed selling efforts have been made in connection with the Transfer in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the U.S. Securities Act, (iv) the transaction is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act and (v) if the proposed transfer is being effected prior to the expiration of a Restricted Period, the transferee is not a U.S. Person, as such term is defined pursuant to Regulation S of the U.S. Securities Act, and will take delivery only as a Book-Entry Interest so transferred through Euroclear or Clearstream. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred Book-Entry Interest or Definitive Registered Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the relevant Regulation S Global Note and/or the Definitive Registered Note and in the Indenture and the U.S. Securities Act.

3. **Check and complete if Transferee will take delivery of a Book-Entry Interest in a Global Note or a Definitive Registered Note pursuant to any provision of the U.S. Securities Act other than Rule 144A or Regulation S.** The Transfer is being effected in compliance with the transfer restrictions applicable to Book-Entry Interests in Global Notes and Definitive Registered Notes and pursuant to and in accordance with the U.S. Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that such Transfer is being effected to the Issuer.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

- (a) a Book-Entry Interest in a:
- (i) 144A Global Note ([CUSIP][ISIN] _____), or
 - (ii) Regulation S Global Note ([CUSIP][ISIN] _____).

2. After the Transfer the Transferee will hold:

[CHECK ONE]

- (a) a Book-Entry Interest in a:
- (i) 144A Global Note ([CUSIP][ISIN] _____), or
 - (ii) Regulation S Global Note ([CUSIP][ISIN] _____).

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

[*Issuer address*]

[*Trustee/Registrar address*]

Re: [\$1,900,000,000 4³/₄% Senior Secured Notes due 2020]¹ [€2,100,000,000 4% Senior Secured Notes due 2020]² [€575,000,000 Floating Rate Senior Secured Notes due 2020]³ of WIND ACQUISITION FINANCE S.A.

([CUSIP ;] ISIN ; Common Code)

Reference is hereby made to the Indenture, dated as of July 10, 2014 (the “*Indenture*”), between, *inter alia*, Wind Acquisition Finance S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 18-20, Rue Edward Steichen, L-2540 Luxembourg and registered with the Luxembourg trade and companies register under number B109.825 (the “*Issuer*”), WIND Telecomunicazioni S.p.A., a joint stock company organized as a *società per azioni* under the laws of the Republic of Italy, as Guarantor, Deutsche Bank Trust Company Americas as Trustee, U.S. Paying Agent, U.S. Registrar and U.S. Transfer Agent, Deutsche Bank AG, London Branch as Principal Paying Agent and Calculation Agent and Deutsche Bank Luxembourg S.A. as Luxembourg Listing Agent, Paying Agent, Transfer Agent and Registrar. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the “*Owner*”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of [\$]¹[€]^{2 3} in such Note[s] or interests (the “*Exchange*”). In connection with the Exchange, the Owner hereby certifies that:

1. **Check if Exchange is from Book-Entry Interest in a Global Note for Definitive Registered Notes.** In connection with the Exchange of the Owner’s Book-Entry Interest in a Global Note for Definitive Registered Notes in an equal amount, the Owner hereby certifies that such Definitive Registered Notes are being acquired for the Owner’s own account without transfer. The Definitive Registered Notes issued pursuant to the Exchange will bear the Private Placement Legend and will be subject to restrictions on transfer enumerated therein and in the Indenture and the U.S. Securities Act.

2. **Check if Exchange is from Definitive Registered Notes for Book-Entry Interest in a Global Note.** In connection with the Exchange of the Owner’s Definitive Registered Notes for Book-Entry Interest in a Global Note in an equal amount, the Owner hereby certifies that such Book-Entry Interest in a Global Note are being acquired for the Owner’s own account without transfer. The Book-Entry Interests transferred in exchange will be subject to restrictions on transfer enumerated in the Private Placement Legend and in the Indenture and the U.S. Securities Act.

¹ Applicable to Fixed Rate Dollar Notes
² Applicable to Fixed Rate Euro Notes
³ Applicable to Floating Rate Notes

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

[Insert Name of Transferor]

By: _____

Name: _____

Title: _____

Dated: _____

ANNEX A TO CERTIFICATE OF EXCHANGE

1. The Owner owns and proposes to exchange the following:

[CHECK ONE]

- (a) a Book-Entry Interest held through DTC/Euroclear/Clearstream Account No. _____ in a:
- (i) 144A Global Note ([CUSIP][ISIN] _____), or
 - (ii) Regulation S Global Note ([CUSIP][ISIN] _____), or
- (b) a Definitive Registered Note.
2. After the Exchange the Owner will hold:

[CHECK ONE]

- (a) a Book-Entry Interest held through DTC/Euroclear/Clearstream Account No. _____ in a:
- (i) 144A Global Note ([CUSIP][ISIN] _____), or
 - (ii) Regulation S Global Note ([CUSIP][ISIN] _____), or
- (b) a Definitive Registered Note.

in accordance with the terms of the Indenture.

EXHIBIT D

FORM OF NOTATION OF GUARANTEE

For value received, each Guarantor (which term includes any successor Person under the Indenture) has, jointly and severally, unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture dated as of July 10, 2014 (the “*Indenture*”) among Wind Acquisition Finance S.A., (the “*Issuer*”), the Guarantors party thereto, Deutsche Bank Trust Company Americas, as trustee (the “*Trustee*”), Deutsche Bank AG, London Branch and Deutsche Bank Luxembourg S.A., (a) the due and punctual payment of the principal of, premium, Additional Amounts, if any, and interest on, the Notes, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Notes, if any, if lawful, and the due and punctual performance of all other obligations of the Issuer to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Guarantors to the Holders of Notes and to the Trustee pursuant to the Note Guarantee and the Indenture are expressly set forth in Article 11 of the Indenture and the Priority Agreement and reference is hereby made to the Indenture for the precise terms of the Note Guarantee. Each Holder of a Note, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and the Priority Agreement (or any additional intercreditor agreement or priority agreement entered into pursuant to the terms of the Priority Agreement or the Indenture) and (c) appoints the Trustee as attorney-in-fact of such Holder for such purpose; *provided, however*, that the Indebtedness evidenced by this Note Guarantee shall cease to be so subordinated and subject in right of payment upon any defeasance of this Note in accordance with the provisions of the Indenture.

Capitalized terms used but not defined herein have the meanings given to them in the Indenture.

[NAME OF GUARANTORS]

By: _____

Name:

Title:

EXHIBIT E

FORM OF SUPPLEMENTAL INDENTURE TO BE DELIVERED BY SUBSEQUENT GUARANTORS

Supplemental Indenture (this “*Supplemental Indenture*”), dated as of _____, among _____, a company organized and existing under the laws of _____ (the “*Subsequent Guarantor*”), a subsidiary of Wind (as such term is defined in the indenture referred to below) (or its permitted successor), Wind Acquisition Finance S.A., a public limited liability company (*société anonyme*) organized and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 18-20, Rue Edward Steichen, L-2540 Luxembourg and registered with the Luxembourg trade and companies register under number B109.825 (the “*Issuer*”), WIND Telecomunicazioni S.p.A., a joint stock company organized as a *società per azioni* under the laws of the Republic of Italy, as Guarantor (“*Wind*”), Deutsche Bank Trust Company Americas as Trustee, Deutsche Bank Trust Company Americas as U.S. Paying Agent, U.S. Registrar and U.S. Transfer Agent, Deutsche Bank AG, London Branch as Principal Paying Agent and Calculation Agent and Deutsche Bank Luxembourg S.A. as Luxembourg Listing Agent, Paying Agent, Transfer Agent and Registrar.

W I T N E S S E T H

WHEREAS, the Issuer and Wind have heretofore executed and delivered to the Trustee an indenture (the “*Indenture*”), dated as of July 10, 2014, providing for the issuance of dollar denominated 4³/₄% Senior Secured Notes due 2020 (the “*Fixed Rate Dollar Notes*”), euro denominated 4% Senior Secured Notes due 2020 (the “*Fixed Rate Euro Notes*”) and euro denominated Floating Rate Senior Secured Notes due 2020 (the “*Floating Rate Notes*”) and, together with the Fixed Rate Dollar Notes and the Fixed Rate Euro Notes, the “*Notes*”;

WHEREAS, the Indenture provides that under certain circumstances the Subsequent Guarantor shall execute and deliver to the Trustee a supplemental indenture and notation of guarantee pursuant to which the Subsequent Guarantor shall unconditionally guarantee all of the Issuer’s Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the “*Guarantee*”); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Issuer and the Trustee are authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Subsequent Guarantor and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Subsequent Guarantor hereby agrees as follows:

(a) To jointly and severally Guarantee to each Holder of a Note, authenticated and delivered by the Trustee, and to the Trustee and its successors and assigns, regardless of the validity and enforceability of the Indenture, the Notes or the obligations of the Issuer under the Indenture or the Notes, that:

(i) the principal of, interest on, premium, and Additional Amounts, if any, on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal and premium, if any, and if lawful, interest and Additional Amounts of the Issuer to the Holders or the Trustee under the Indenture or the Notes or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes, that same will be promptly paid in full when due in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed for whatever reason, the Subsequent Guarantors shall be jointly and severally obligated to pay the same immediately.

(b) The obligations of the Subsequent Guarantor hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(c) The following is hereby waived: diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer (including, without limitation, its, bankruptcy (*faillite*), voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors, reorganization or similar laws affecting the rights of creditors generally) any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever.

(d) Except as set forth in Section 5, this Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture, and the Subsequent Guarantor accepts all obligations of a Subsequent Guarantor provided for under the terms of the Indenture.

(e) The Subsequent Guarantor waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any other Restricted Subsidiary as a result of any payment by such Subsequent Guarantor under its Guarantee.

(f) As between the Subsequent Guarantor, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 of the Indenture for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Subsequent Guarantor for the purpose of this Guarantee.

(g) The Subsequent Guarantor hereby confirms that it is its intention that the Guarantee of the Subsequent Guarantor does not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to the Guarantee. To effectuate the foregoing intention, the Trustee and the Subsequent Guarantor hereby irrevocably agree that after giving effect to such maximum amount and all other contingent and fixed liabilities of the Subsequent Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Subsequent Guarantor in respect of the obligations of such other Subsequent Guarantor, the obligations of the Subsequent Guarantor will be limited to the obligations of the Subsequent Guarantor under its Guarantee not constituting a fraudulent transfer or conveyance.

3. EXECUTION AND DELIVERY.

(a) To evidence its Guarantee, the Subsequent Guarantor hereby agrees that a notation of such Guarantee shall be endorsed by an Officer of the Subsequent Guarantor on each Note authenticated and delivered by the Trustee and that this Supplemental Indenture shall be executed on behalf of the Subsequent Guarantor by one of its Directors or Officers.

(b) The Subsequent Guarantor hereby agrees that its Guarantee shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Guarantee.

(c) If an Officer whose signature is on this Supplemental Indenture or on the Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Guarantee is endorsed, the Guarantee shall be valid nevertheless.

(d) Upon execution of this Supplemental Indenture, the delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee set forth in this Supplemental Indenture on behalf of the Subsequent Guarantor.

4. SUBSEQUENT GUARANTOR MAY CONSOLIDATE, ETC. ON CERTAIN TERMS.

(a) The Subsequent Guarantor shall not merge, consolidate, amalgamate or otherwise combine with or into or wind up into any Person (whether or not the Subsequent Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties directly or indirectly (through a sale of shares or assets or otherwise) in one or more related transactions, to any Person, unless:

(i) the Subsequent Guarantor is the surviving or resulting corporation, or the Person formed by or surviving any such merger, consolidation, amalgamation or other combination (if other than the Subsequent Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made, is organized or existing under the laws of any state which is a member of the European Union, Canada, the United States of America, any state thereof or the District of Columbia (such Person, as the case may be, being herein called the “*Successor Company*”);

(ii) the Successor Company, if other than the Subsequent Guarantor, expressly assumes all the obligations of the Subsequent Guarantor under the Indenture, the Notes, the Supplemental Indenture pursuant to a supplemental indenture or other documents or instruments in form reasonably satisfactory to the Trustee;

(iii) immediately after such transaction, no Default or Event of Default exists.

(b) In case of any such transaction that complies with Section 4(a) above, such Successor Company shall succeed to and be substituted for the Subsequent Guarantor with the same effect as if it had been named herein as a Subsequent Guarantor. Such Successor Company thereupon may cause to be signed any or all of the Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Issuer and delivered to the Trustee. All the Guarantees so issued shall in all respects have the same legal rank and benefit under the Indenture as the Guarantees theretofore and thereafter issued in accordance with the terms of the Indenture as though all of such Guarantees had been issued at the date of the execution hereof.

5. RELEASES. Each Guarantee shall be automatically and unconditionally released and discharged in accordance with Section 11.05 of the Indenture.

6. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator, stockholder or agent of any Subsequent Guarantor, as such, shall have any liability for any obligations of the Issuer or any Subsequent Guarantor under the Notes, any Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

7. SUBORDINATION. The obligations of each Subsequent Guarantor under its Note Guarantee shall be subject to the terms of Article 12 of the Indenture and to the terms of the Priority Agreement.

8. THIS SUPPLEMENTAL INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

9. COUNTERPARTS The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

10. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

11. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by each Subsequent Guarantor and the Issuer.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: _____, _____

[SUBSEQUENT GUARANTOR]

By: _____

Name:

Title:

WIND ACQUISITION FINANCE S.A.

By: _____

Name:

Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as
Trustee

By: _____

Authorized Signatory

EXHIBIT F

FORM OF CEO/CFO SOLVENCY CERTIFICATE

This solvency certificate (this “*Certificate*”) is delivered by WIND Telecomunicazioni S.p.A., a joint stock company organized as a società per azioni under the laws of the Republic of Italy, as Guarantor (“*Wind*”), in connection with the Indenture dated as of July 10, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the “*Indenture*”) (undefined capitalized terms used herein shall have the meanings set forth in the Indenture) among Wind, Wind Acquisition Finance S.A. (the “*Issuer*”), Deutsche Bank Trust Company Americas as Trustee, Deutsche Bank Trust Company Americas as U.S. Paying Agent, U.S. Registrar and U.S. Transfer Agent, Deutsche Bank AG, London Branch as Principal Paying Agent and Calculation Agent, and Deutsche Bank Luxembourg S.A. as Luxembourg Listing Agent, Paying Agent, Transfer Agent and Registrar. I hereby certify as follows in my capacity as [Chief Executive Officer]/[Chief Financial Officer] of Wind, and not individually:

1. I am, and at all pertinent times mentioned herein, have been the duly qualified and acting [Chief Executive Officer]/[Chief Financial Officer] of Wind. In such capacity I have responsibility for the overall management of the financial affairs of Wind and the preparation of the financial statements of Wind. I am familiar with the properties, business, assets and liabilities of Wind and their business plans for the foreseeable future. I am authorized to execute this Certificate on behalf of Wind.

2. I have carefully reviewed the contents of this Certificate, and I have conferred with counsel for Wind and the Issuer for the purpose of discussing the meaning of its contents.

3. In connection with the preparation of this Certificate, I have made such investigations and inquiries as I deem necessary and reasonably prudent therefor and to accurately make the certifications expressed herein. Specifically, I have relied on historical information, revenues, expenses and other data supplied by Wind’s supervisory personnel directly responsible for the various functions involved. The financial information and assumptions which underlie and form the basis for the representations made in this Certificate were reasonable when made and continue to be reasonable as of the date hereof.

4. To the best of my knowledge, as of the date hereof: (a) Wind has not been served with any summons or other notice in respect of any litigation or other proceeding pending or threatened against or affecting Wind or any of its properties or assets, which, if determined adversely to Wind, would have a materially adverse effect on the businesses, operations, properties, assets, or condition (financial or otherwise) of Wind; and (b) Wind is not in default with respect to any order, writ, injunction, decree, or demand of any court or other governmental or regulatory authority by which Wind is currently bound.

Based on the foregoing, on behalf of Wind, I have reached the following conclusions:

(A) As of the date hereof, after the incurrence of the Permitted Collateral Lien:

- (i) the fair value of the assets of Wind are in excess of the total amount of its debts (including, without limitation, contingent liabilities, computed as the amount that, in light of all the facts and circumstances now existing, represents the amount that can reasonably be expected to become an actual or matured liability);
- (ii) the present fair salable value of the assets of Wind is greater than its probable total liability on its existing debts as such debts become absolute and matured; and
- (iii) Wind has capital that is not unreasonably small for its business and is sufficient to carry on its business as conducted and as proposed to be conducted.

- (B) Wind is not subject to bankruptcy, insolvency, voluntary or judicial liquidation, composition with creditors, reprieve from payment, controlled management, claims of fraudulent conveyance that would reasonably be expected to result in a judgment that Wind would be unable to satisfy, general settlement with creditors, reorganization or similar laws affecting the rights of creditors generally.
- (C) Wind is not, on the date hereof and will, as a result of its incurrence of the Permitted Collateral Lien, not be in a state of cessation of payments.
- (D) No application has been made by Wind or, as far as Wind is aware, by any other person for the appointment of a liquidator or similar officer pursuant to any insolvency or similar proceedings.
- (E) No application has been made by Wind for a voluntary winding-up or liquidation nor has any judicial winding-up or liquidation been commenced or initiated against Wind.
- (F) Wind is not insolvent or in the situation described in article 2446, paragraph 1, of the Civil Code.

“Fair salable value” means the amount that could be obtained for assets within a reasonable time, either through collection or through sale under ordinary selling conditions by a capable and diligent seller to an interested buyer who is willing (but under no compulsion) to purchase.

5. In reaching the conclusions set forth in this Certificate the undersigned has considered, among other things:

- (A) the fair salable value of the real property, equipment, inventory, accounts receivable, customer lists, supply contracts, joint venture interests, and all other property of Wind, real, personal and mixed, tangible and intangible;
- (B) all indebtedness of Wind known to the undersigned and among other things, any claims arising out of pending or threatened litigation against Wind;
- (C) historical and anticipated growth in the sales volume of Wind;
- (D) the customary terms of trade payables of Wind;
- (E) other financial information available and known to the undersigned relating to any matters addressed herein; and
- (F) all of the documents relating to Credit Facilities.

None of Wind, or any of its Subsidiaries intends, in incurring the Permitted Collateral Lien or in incurring (by way of assumption or otherwise) any related obligations or liabilities (contingent or otherwise), to disturb, delay, hinder or defraud either present or future creditors or other Persons to which Wind, the Issuer or any of their Subsidiaries is or are intended to become, on or after the date hereon, indebted.

IN WITNESS WHEREOF, I have executed this Certificate on behalf of Wind in my capacity as [Chief Executive Officer]/[Chief Financial Officer] of Wind (but not individually) as of [DATE] and have no personal liability hereunder.

[_____]

By: _____

Name: _____

Title: [Chief Executive Officer]/[Chief Financial Officer]

LIST OF SUBSIDIARIES

Below is a list of our subsidiaries and their jurisdiction of incorporation as of March 18, 2015.

Subsidiaries	Country of Incorporation
OJSC VimpelCom	Russia
PJSC Kyivstar	Ukraine
Staravto SC	Ukraine
Ararima Enterprises Limited	Cyprus
B.V. VimpelCom Finance S.a.r.l.	The Netherlands
VC ESOP N.V.	Belgium
VimpelCom B.V.	The Netherlands
Takom LLC	Tajikistan
Limnotex Developments Ltd.	Cyprus
Irington Developments Ltd.	Seychelles
Wenthorp Industries Ltd.	Seychelles
Kar-Tel LLP	Kazakhstan
Teta-Telecom LLP	Kazakhstan
Prunescom Ltd.	BVI
LLC CKN	Russia
LLC VimpelCom Finance	Russia
LLC VimpelCom-Invest	Russia
LLC Beeline Ventures	Russia
Golden Telecom, Inc.	USA (Delaware)
Cell Ukraine Ltd.	USA (Delaware)
Invest Holding LLC	Ukraine
GTS Ukrainian TeleSystems LLC.	USA (Delaware)
Golden Telecom LLC	Ukraine
Golden Telecom Limited (BVI)	BVI
GTS Finance, Inc.	USA (Delaware)
Golden Telecom Group, Inc.	USA (Delaware)
Golden TeleServices, Inc.	USA (Delaware)
SFMT-CIS, Inc.	USA (Delaware)
LLC DICOM	Russia
LLC NeoTel	Azerbaijan
Golden Holdings, Inc.	USA (Delaware)
Agama Limited (Cyprus)	Cyprus
SFMT-Rusnet, Inc.	USA (Delaware)
ST Holding s.r.o.	Czech Republic (Prague city)
CJSC Samara Telecom	Russia
CJSC WBT	Russia
GTI Russian Ltd.	BVI
GTI Kaztel Ltd.	BVI
Buzton JV Ltd.	Uzbekistan
Clafdor Investments Limited	Cyprus
Comnidor Holdings Limited	Cyprus
BARDYM ENTERPRISES LIMITED	Cyprus
LLC Sovintel Group	Russia
Antel Rascom Ltd.	BVI
CJSC RASCOM	Russia

Subsidiaries	Country of Incorporation
LLC Kubtelecom	Russia
CJSC Kubintersvyaz	Russia
LLC JV Sakhalin Telecom	Russia
CJSC National Service Company	Russia
Mobitel LLC.	Georgia
Investico Alliance Ltd.	BVI
Menacrest Limited	Cyprus
Sky Mobile LLC	Kyrgyzstan
Armenia Telephone Company CJSC	Armenia
Freevale Enterprises	BVI
Silkway Holding B.V.	The Netherlands
Unitel LLC	Uzbekistan
VimpelCom Lao Co., Ltd.	Laos
VimpelCom Holding Laos B.V.	The Netherlands
2Day Telecom LLP	Kazakhstan
TNS-Plus LLP	Kazakhstan
Wind Telecom S.p.A.	Italy
Weather Capital S.à.r.l	Luxembourg
Klarolux Investments S.à.r.l	Luxembourg
WIND Acquisition Holdings Finance S.p.A.	Italy
WIND Telecomunicazioni S.p.A.	Italy
WIND Retail S.r.l.	Italy
Weather Capital Special Purpose I S.A.	Luxembourg
Global Telecom Holding S.A.E (GTH)	Egypt
International Wireless Communications Pakistan Limited	Malta
Telecom Management Group Limited	Malta
Pakistan Mobile Communications Limited	Pakistan
Business & Communication Systems (Pvt) Ltd.	Pakistan
LinkdotNET Pakistan (Pvt) Ltd.	Pakistan
LinkDotNet Telecom Limited	Pakistan
Waseela Microfinance Bank Limited	Pakistan
Global Telecom Netherlands B.V.	The Netherlands
Telecel International Ltd. S.A.	Switzerland
Telecel International Services S.A.	Switzerland
Telecom Ventures Ltd.	Malta
Banglalink Digital Communications Limited	Bangladesh
Oratel International Inc. Limited	Malta
Moga Holding Ltd.	Malta
Omnium Telecom Algeria S.p.A.	Algeria
Telecom Holding Canada (Malta) Limited	Malta
Global Telecom S.à.r.l	Luxembourg
Global Telecom Finance S.C.A	Luxembourg
Global Luxembourg S.à.r.l	Luxembourg
Global Luxembourg Finance S.C.A.	Luxembourg
Global Telecom Oscar S.A.	Luxembourg
Telecom CS Limited	Malta
Cortex for Services & Consultations S.A.E.	Egypt
Iraq Holding Limited	Malta
Telecom Iraq Corp. Limited	Malta
Ring for Distribution S.A.E	Egypt
Multi Media Mega Stores	Egypt

Subsidiaries	Country of Incorporation
Ring for Handset Service (CaRing)	Egypt
Advanced Electronic Industries	Egypt
The Phone Company FZO	UAE
R&D S.à.r.l	Tunisia
Ring Algeria LLC	Algeria
Ring Algeria Services	Algeria
Ring Maintenance (CaRing)	Algeria
Ring Distribution (Private) Limited	Bangladesh
Global Telecom Acquisition S.à.r.l	Luxembourg
Global Telecom One S.à.r.l	Luxembourg
Sawyer Limited	Malta
Telecom Eurasia Limited	Malta
Minimax Ventures Limited	Malta
Financial Powers Plan Limited	Malta
Telecom ESOP Ltd.	Malta
Wind Acquisition Finance S.A.	Luxembourg
International Telecommunications Consortium Limited	UK
Consortium Algerien de Telecommunications S.p.a.	Algeria
Med Cable Limited	UK
VimpelCom (BVI) Ltd.	BVI
Watertrail Industries Limited	BVI
VimpelCom Amsterdam B.V.	The Netherlands
VimpelCom Holdings B.V.	The Netherlands
VimpelCom Amsterdam Finance B.V.	The Netherlands
VimpelCom International Services B.V.	The Netherlands
VimpelCom Telecom Holding B.V.	The Netherlands
GTH Canada B.V.	The Netherlands
VimpelCom Georgia Holdings B.V.	The Netherlands
GTH Global Telecom Finance (B.C.) Limited	Canada
VimpelCom Cyprus Finance Limited	Cyprus
VimpelCom Cyprus Holding Limited	Cyprus
Orascom Holding Handset Investment Company	Egypt
VimpelCom Armenia Holding B.V.	The Netherlands
VimpelCom Micro Holdings B.V.	The Netherlands
VimpelCom Kazakhstan Holding B.V.	The Netherlands
VimpelCom Kyrgyzstan Holding B.V.	The Netherlands
VIP Kazakhstan Holding A.G.	Switzerland
VIP Kyrgyzstan Holding A.G.	Switzerland
LinkDotNet Pakistan (Private) Limited	Pakistan
Kubintersvyaz	Russia
Wind Acquisition Finance II S.A.	Luxembourg
Wind Acquisition Holdings Finance S.A.	Luxembourg
Wind Acquisition Holdings Finance II S.A.	Luxembourg
Wind Finance SL S.A.	Luxembourg

**CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Jo Lunder, certify that:

1. I have reviewed this annual report on Form 20-F of VimpelCom Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 24, 2015

By: /s/ Jo Lunder

Name: Jo Lunder

Title: Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Andrew Davies, certify that:

1. I have reviewed this annual report on Form 20-F of VimpelCom Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 24, 2015

By: /s/ Andrew Davies

Name: Andrew Davies

Title: Chief Financial Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of VimpelCom Ltd. (the “Company”), does hereby certify to such officer’s knowledge that:

The Annual Report on Form 20-F for the year ended December 31, 2014 (the “Form 20-F”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 24, 2015

By: /s/ Jo Lunder

Name: Jo Lunder

Title: Chief Executive Officer

Date: March 24, 2015

By: /s/ Andrew Davies

Name: Andrew Davies

Title: Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms F-3 (No. 333-196223), and S-8 (Nos. 333-166315, 333-180368 and 333-183294) of VimpelCom Ltd. of our report dated March 24, 2015 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 20-F of VimpelCom Ltd. for the year ended December 31, 2014. We also consent to the reference to us under the heading “Selected Financial Data” in this Annual Report on Form 20-F.

Amsterdam, 24 March 2015

PricewaterhouseCoopers Accountants N.V.

/s/ F.P. Izeboud RA CPA

F.P. Izeboud RA CPA

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) **Registration Statement (Form S-8 No. 333-166315)**
pertaining to the VimpelCom 2010 Stock Option Plan
and VimpelCom Ltd.'s Amended and Restated VimpelCom 2000 Stock
Option Plan;
- (2) **Registration Statement (Form S-8 No. 333-180368)**
pertaining to the VimpelCom Ltd. Executive Investment Plan;
- (3) **Registration Statement (Form S-8 No. 333-183294)**
pertaining to the VimpelCom Ltd. Director Investment Plan; and
- (4) **Registration Statement (Form F-3 No. 333-196223)**
pertaining to the VimpelCom Ltd. prospectus for the registration of
its common shares

of our report dated May 15, 2014, with respect to the consolidated financial statements of VimpelCom Ltd. as of December 31, 2013 and for each of the two years in the period then ended included in this Annual Report (Form 20-F) for the year ended December 31, 2014.

/s/ Ernst & Young Accountants LLP
Amsterdam, The Netherlands
March 24, 2015

March 24, 2015
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Ladies and Gentlemen:

We have read Item 16F of Form 20-F dated March 24, 2015, of VimpelCom Ltd. and are in agreement with the statements contained in paragraphs two, four and five therein. We have no basis to agree or disagree with other statements of the registrant contained therein.

Regarding the registrant's statement concerning the lack of internal control to prepare financial statements, included in paragraph four, we had considered such matter in determining the nature, timing, and extent of procedures performed in our audit of the registrant's 2013 financial statements.

/s/ ERNST & YOUNG ACCOUNTANTS LLP

Amsterdam, The Netherlands

Glossary of Terms

3G: third generation mobile technologies, including UMTS

4G/LTE: fourth generation mobile technologies, including LTE and WiMax

ADSL: asymmetric digital subscriber line

ANO: alternative network operator

APPM: average price per minute

ARPU: monthly average revenue per mobile customer

BU-LRIC: bottom-up long-run incremental cost

CAMEL: a customized application for mobile network enhanced logic; an intranetwork prepaid roaming service

CDMA: code division multiple access

DLD: domestic long distance

DWDM: dense wavelength division multiplexing

FTN: Federal Transit Network

FTTB: fiber to the building

GSM: Global System for Mobile Communications standard

GSM-900: mobile telephone services using GSM in the 900MHz frequency range

GSM-900/1800: mobile telephone services using the GSM standard in the 900 MHz and 1800 MHz frequency ranges

GSM-1800: mobile telephone services using GSM in the 1800 MHz frequency range

HD: high definition.

HSDPA: High-Speed Downlink Packet Accesses, which is a 3G mobile telephony communications protocol in the HSPA family

HSPA: High-Speed Packet Access

ILD: international long distance

IP: Internet Protocol

IP VPN: IP virtual private network

ISDN: integrated services digital network

ISP: Internet service provider

KPI: key performance indicator

LAN: local area network

LLU: local loop unbundling (In Italy, this is the regulatory process of allowing multiple telecommunications operators to use connections from Telecom Italia's local exchanges to the customer's premises.)

MEN: metropolitan Ethernet technology

MMS: multimedia messaging service

Mobile services: wireless voice and data transmission services, excluding WiFi

MNP: mobile number portability

MOU: monthly average minutes of use per mobile customer

MPLS: multiprotocol label switching

MTR: mobile termination rates

MVNO: mobile virtual network operator
NGAN: next generation access network
PBX: private branch exchange
PSTN: public switched telephone network
RED: radio electronic device
RBT: ringback tones, which are customized ringtones
SaaS: software as a service
SLA: service level agreement
SDH: synchronous digital hierarchy technology
SME: small and medium enterprises
SMS: short messaging service
SOHO: small office/home office
STB: set-top box
TDM: time division multiplexing
TFO: tandem free operation
TrFO: transcorder free operation
UMTS: Universal Mobile Telecommunications System
USB: Universal Serial Bus
USO: universal service obligations
UTN: telephone urban set
VoIP: voice over IP
VPN: virtual private network
VSAT: very small aperture terminal
WAN: wide area network
WiMax: worldwide interoperability for microwave access communication standard
WLL: wireless local loop
WLR: wholesale line rental

Exhibit 99.2 Regulation of Telecommunications

We are generally subject to regulation governing the operation of our business activities. Such regulation typically takes the form of industry-specific laws and regulations covering telecommunications services and general competition law applicable to all business activities. The following section describes the regulatory framework and the key regulatory developments in Russia, Italy, Algeria, Pakistan, Bangladesh, Ukraine, Kazakhstan, Uzbekistan and Armenia. Many of the regulatory developments reported in the following section involve ongoing proceedings or consideration of potential proceedings that have not reached a conclusion. We are also subject to significant regulation in other countries in which we operate. Such regulations have a significant impact on our local operations in those countries, but we believe that such regulations are not material to our consolidated business and results of operations.

Russia**Regulation of Telecommunications in Russia*****Regulatory bodies***

In accordance with the Russian Constitution and the Federal Law “On Communications”, the regulation of activity in the field of communications is exercised by the Russian Federation President, Russian Government, Federal body of executive power in the field of communications, and by other federal executive authorities within their competence. The Ministry of Telecom and Mass Communications of the Russian Federation (the “Ministry”) is the governmental agency in Russia which is responsible for the regulation of telecommunications, mass media, information technology and postal services. In Russia, regulation of the use of the radio frequency spectrum is exercised by the State Commission on Radio Frequencies which establishes the procedure for the allocation of radio frequencies.

The Ministry is responsible for developing and implementing national policy and legal regulation in the following areas:

- Telecommunications, including the allocation and conversion of the radio frequency spectrum, and postal communications;
- Mass media, including the electronic media, development of the Internet, television and radio broadcasting, and related technologies;
- Publishing, printing, and distribution of printed media;
- Information technology, including creation of government information resources and promotion of access to such resources; and
- Personal data processing and Internet governance.

The Ministry in turn controls and coordinates the activity of the: (i) the Federal Communications Agency, or “Rossvyaz,” (ii) the Federal Agency on Press and Mass Media, or “Rospechat,” and (iii) the Federal Supervisory Service for Communications, Information Technologies and Mass Media, or “Roskomnadzor.” Rossvyaz and Roskomnadzor have functions particularly relevant to our business. Rossvyaz is responsible for allocating numbering resources and certification of communication facilities. Roskomnadzor is responsible for the licensing of activities in the area of telecommunications; issuing permissions for, amongst others, radio frequency use, control over telecommunications and information technologies; and high-frequency devices.

Regulatory framework

The Communications Law is the principal legal act regulating the Russian telecommunications industry. The Communications Law sets forth general principles for the regulation of the telecommunications industry, including a description of the institutional framework for the federal government's involvement in the regulation, administration and operation of the telecommunications industry. The most important aspects of the Communications Law with respect to our business address the federal government's authority to:

- license communications service providers;
- allocate radio frequencies;
- certify telecommunications equipment;
- allocate numbering capacity;
- ensure fair competition and freedom of pricing; and
- conduct oversight of operators' compliance with the terms of their licenses and Russian law.

In accordance with Russian legislation, licenses to provide telecommunications services are issued by Roskomnadzor on the basis of an application from an eligible applicant or, when applicable, on the basis of results of a tender or an auction. Licenses are generally issued for a term of three to 25 years. Roskomnadzor has the right to renew an existing license upon application which may be rejected if, as of the date of submission of the application, the operator has been found to have violated the terms of the license and such violations have not been cured. The Communications Law also regulates the procedures for re-issuing a license in the case of a reorganization of the license holder or transfer of communications networks and means to other persons.

In addition to obtaining a license, wireless telecommunications operators have to receive a permit for radio frequency usage for every radio transmitter they operate. The permit for radio frequency usage is issued by Roskomnadzor on the basis of decisions of the State Radio Frequency Commission and the conclusion of the Main Radio Frequency Center examination which evaluates the electromagnetic compatibility of the REDs and coordinates radio transmitter usage with the Defense Ministry, Federal Protective Service and the Federal Security Service of the Russian Federation. Under the Communications Law, permits for the use of radio frequencies are granted for ten years or a shorter period if such shorter period is indicated in the application. Radio frequency permit duration may be extended if by its expiry no regulations or decisions of the State Radio Frequency Commission are adopted that limit the possibility of such an extension. Radio frequency allocation permission may be suspended or terminated for a number of reasons, including failure to comply with the conditions to which the frequency allocation was subject.

MTR

The Communications Law and Antimonopoly Law allows telecommunications operators, including wireless service operators, to freely establish tariffs for the telecommunications services provided to customers, with the exception of significant operators' interconnection tariffs and tariffs on universal services. We are not considered a significant operator and therefore can independently establish tariffs.

MNP

Since December 1, 2013, customers are allowed to port mobile numbers. The maximum charge for the customer is RUB 100 (approximately US\$1.78 as of December 31, 2014) per ported number.

Italy

Regulation of Telecommunications in Italy

Regulatory Bodies

Autorità per le Garanzie nelle Comunicazioni (“AGCOM”) and the Communications Department of the Italian Ministry of Economic Development (the “Italian Ministry”), whose competencies derive from EU regulations as adopted in Italy, together regulate all aspects of the telecommunications markets in Italy, comprising the mobile, fixed-line and Internet markets. Their regulatory powers mainly include licensing, authorizations, access interconnection, frequency allocation, numbering, universal service obligations, tariff regulation and arbitration of disputes between operators.

AGCOM is financed by telecommunication operators through a fee based on operators’ financial results. The public numbering schemes are decided by AGCOM while the Italian Ministry is responsible for numbering management and assignment.

The Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato), or “AGCM”, enforces competition law rules which prohibit anticompetitive agreements among undertakings and the abuse of dominant positions, as well as reviewing possible M&A deals which may create or strengthen dominant positions detrimental to competition.

Business undertaken by Italian telecoms operators in the EU is subject to the EU framework on telecommunications regulation which includes directives, recommendations and opinions. As such, as a member of the EU, Italy is required to implement directives issued by the EU, which may take effect automatically on a member state. Regulations adopted at the EU level also have general application and are binding and directly applicable to EU member states.

Regulatory framework

In Italy, licenses, authorizations and concessions (“LACs”) for rights to use frequencies and numbering are required from the Ministry for Economic Development. The continued existence and terms of LACs are subject to review by regulatory authorities and to interpretation, modification or termination by these authorities. Moreover, LACs, as well as their renewal terms and conditions, may be affected by regulatory factors.

The Italian telecommunications market is regulated pursuant to a regulatory framework that was adopted by the European Commission in 2002 to harmonize the regulatory environment among European countries, to promote convergence between telecommunications and broadcast networks and services, and to further encourage competition in the telecoms market. The EU regulatory framework was updated in 2009 and established the Body of European Regulators for Electronic Communications (“BEREC”) with the goal to contribute to the development and better functioning of the internal market ensuring a consistent application of the regulatory framework.

The Electronic Communications Code requires AGCOM to carry out market analysis to identify operators with “significant market power” (or “SMP”), i.e., operators which, either individually or jointly with others, enjoy a position equivalent to dominance, in order to impose certain regulatory obligations on such dominant operators or otherwise confirm, amend or withdraw the existing obligations imposed on them as per prior market analysis if AGCOM detects that the market is not competitive. The market analysis carried out by AGCOM is subject to the scrutiny of the European Commission which, to a certain extent, can challenge AGCOM’s findings. The markets currently susceptible to ex-ante regulation are:

- Wholesale fixed call termination;
- Wholesale mobile call termination;

- Wholesale local access at a fixed location (WLA);
- Wholesale central access for mass market products (WCA); and
- Wholesale high-quality access at a fixed location.

The European Commission is reviewing a proposed new regulation called “Telecom Single Market” concerning international roaming, consumer rights safeguard, broadband market, spectrum policy, network neutrality and authorization regimes. A final decision on the matter is expected in the first half of 2015.

MTR

AGCOM imposes certain transparency, access, non-discrimination, price control and cost accounting obligations on each of the mobile operators in Italy. Since July 2013 the rates imposed have been the same across each operator (EUR 0.98 per minute; approximately US\$1.19 as of December 31, 2014) and the rates are currently being reviewed by AGCOM after various legal challenges from the operators. AGCOM just initiated the market analysis process to determine the new rate of MTR until 2017.

MNP

Portability for both mobile and fixed is regulated in Italy by AGCOM. MNP is free of charge to customers, although a charge of EUR 1-1.60 (approximately US\$1.21-1.94 as of December 31, 2014) can be applied where the customer wants to transfer any prepaid credit to the new carrier. The time taken to port a number is one working day, although it can take up to three working days in the case of a delay. If the time taken is longer than three days, the customer receives compensation of EUR 2.50 (approximately US\$3.02 as of December 31, 2014) for each day’s delay after day one.

Other

Fixed termination rates

AGCOM regulates fixed termination rates (“FTR”) for certain operators (currently EUR 0.075 per minute until July 2015; approximately US\$0.091 as of December 31, 2014), and collection and transit fees for others (currently EUR 0.204 and EUR 0.111, respectively, per minute until July 2015; approximately US\$0.247 and US\$0.134, respectively, as of December 31, 2014). Telecom Italia appealed to the administrative Italian Court in order to obtain a FTR lower than the one fixed by AGCOM. Conversely, Fastweb appealed to obtain a higher FTR; however, the court rejected both appeals. It is expected that AGCOM will start a market analysis to determine whether any of the provisions relating to these rates will change at the end of 2015.

Fixed-line regulation

Pursuant to EU law, national regulatory authorities, including AGCOM, may require an operator with “significant market power” to regularly produce a “reference interconnection offer”, or “RIO”, setting forth the terms and conditions on which such operator will provide access to specified services approved by the regulator. For example, the RIO of Telecom Italia covers the following services: (i) fixed-line collection, termination and transport, (ii) interconnection services (circuits), (iii) local loop unbundling, or “LLU”, (iv) bitstream, (v) wholesale line rental, or “WLR” and (vi) next-generation access, or “NGA”, wholesale offers. Alternative network operators, or “ANOs”, are also obliged to publish their RIO regarding fixed termination rates.

AGCOM is currently undergoing a review of the rules for the fixed access market.

Universal Service Obligations

Fixed and mobile operators are required to compensate Telecom Italia for net costs related to universal service provision, and the amounts of such contributions are determined by AGCOM.

International Roaming

EU regulations on roaming have implemented a steady reduction in retail and wholesale roaming charges for calls/SMS/data made to destinations within the EU and the European Economic Area while the customer is roaming in the European Economic Area. The latest regulation in 2012 introduced an obligation on the network operator to grant decoupling of roaming services from domestic ones and only grant data roaming access on a WiFi-like model (so-called “local break out”) from July 2014. The “Telecom Single Market” regulation that is currently under review by the European Commission aims to abolish any retail roaming surcharges.

Telecommunications Service Charters and regulation on consumer protection

Italian telecommunications operators are required to implement, and are subject to the obligations contained within, the Telecommunications Services Charters determined by AGCOM. The implementing resolution of AGCOM establishes general criteria for the quality of telecommunications services and provides sanctions for non-compliance including refunds for customers. In addition, AGCOM adopted specific resolutions on quality and services charters in relation to each of the main areas of electronic communications services (fixed-line voice calls, mobile and personal communications, Pay TV, Internet access) setting forth the level of quality for services typically provided in each of these areas.

AGCOM has started various working groups and consultations and has issued certain decisions to reform the regulation of various areas of telecommunications services, such as call center quality, fixed-line Internet connection quality, avoiding high billing and other customer-focused measures.

Data Protection

In Italy, personal data protection is governed by Legislative Decree No. 196 of June 30, 2003 (the “Personal Data Protection Code” or “PDPC”), the aim of which is to ensure that personal data is processed by respecting the rights, fundamental freedoms and dignity of the individuals concerned, particularly with regard to confidentiality, personal identity and the right to protection of personal data.

On April 4, 2013, the Italian Data Protection Authority issued new provisions for telecommunications operators relating to the implementation of the law on disclosure of breaches of personal data.

Assignment of Frequencies

In August 2011, the Italian Ministry of Economic Development started to auction the rights of use for frequencies in the 800 MHz, 1,800 MHz, 2,000 MHz and 2,600 MHz bands.

Public consultations are ongoing relating to the assignment of the 1452-1492 MHz band (so called L band) in accordance with governmental law and the allocation of frequencies in general. A public consultation is also expected for the 700 MHz and 3.6-3.8 GHz frequencies in due course.

Abolition of Mobile Recharge Fee

Fixed charges for mobile top-ups on prepaid SIM cards were abolished in March 2007.

Algeria

Regulation of Telecommunications in Algeria

Regulatory bodies

Under Algerian Law, the Algerian telecommunications market is regulated by the Ministry of Post, Information Technology and Communications (the “MPTIC”), which is, amongst others, responsible for establishing policies, and monitored by the *Autorité de Régulation de la Poste et des Télécommunications* (the “ARPT”). Further, the Competition Council Algeria is competent for competition matters.

Regulatory framework

The main elements of the regulatory framework applicable to the telecommunications sector in Algeria are embodied in the Post and Telecommunications Law of August 2000, which establishes general rules on the organization of the telecommunication sector, creates and determines the mandate of the national regulatory authority, defines general rules for the licensing/authorization of telecommunications networks and services and introduces principles allowing the development of competition in the sector. From January 2015 the ARPT has been provided with power to issue financial sanctions against operators who are not compliant with applicable law. Although this law only provides for ARPT to recommend to MPTIC the maximum price of universal telecom services, mobile operators also need to submit all their retail offers to ARPT for approval.

The ARPT requires that interconnection prices are set on the basis of costs in the operators’ annually published reference interconnection offers.

The ARPT has also established rules regulating the promotions which mobile operators may offer. These rules limit the frequency and duration, as well as the minimum interval between promotions. This has had, to some extent, an effect of reducing the intensity of competitive promotions.

MTR

The ARPT monitors that interconnection prices are cost based, and intervenes to set them as such. However, it seems that cost orientation is not applied similarly to all operators and that Djazzy’s rate is significantly higher than that of other operators. All interconnection agreements and interconnection prices must be approved by ARPT prior to becoming effective.

OTA has interconnection agreements with the fixed incumbent operator as well as with the other two mobile operators in Algeria, in addition to the three currently authorized VoIP operators. The termination tariffs are modified annually in the reference interconnection offer approved by ARPT.

MNP

There is currently no number portability, either for mobile or fixed, in Algeria.

Others

In 2010, the Algerian government introduced a new penalty scheme through the Supplemental Finance Act for mobile operators failing to identify mobile SIM cards. Mobile operators may be fined DZD150,000 (equal to approximately US\$ 1,706 at the exchange rate of December 31, 2014) per unidentified SIM card. Further implementation legislation still needs to be enacted.

In addition the Supplemental Finance Act introduced a new flat rate tax, ranging from 30.0% to 80.0%, on “super” profits that are generated in special circumstances, outside the oil and gas sector. This tax is levied on exceptional margins, and the conditions of application will be defined in implementing regulations.

In 2007, Djezzy was designated as a dominant operator in the retail market for GSM communications by the ARPT. While all Algerian operators need to submit their retail offers/promotions to the ARPT for approval, Djezzy has to follow more stringent obligations as its retail tariffs are submitted to a non-discrimination and a margin squeeze test prior to approval by the ARPT. As a result the approval process for Djezzy takes longer than the approval process of its competitors. In addition, although in theory only 2G tariffs are regulated, the regulation in practice applies to almost all retail tariffs. At this stage, our 3G network does not cover the entire territory of Algeria and since our license conditions do not allow geographic discrimination among our customers, the great majority of our offers include 2G and 3G.

2G/3G dual numbering. At the time of the introduction of 3G in Algeria at the end of 2013, the ARPT required the implementation of a specific 3G number, different from the customer's 2G number. This requirement led to a technical solution that was not user friendly. Despite its regulatory obligations, one of our competitors launched its 3G services with a single number. Djezzy, who, given its particular circumstances, deployed 3G later than its competitors, could not afford to launch 3G services with a degraded quality of service. In this context, we were obliged to further delay the commercial opening of our 3G services until in July 2014 the ARPT issued a decision that authorized operators to use a single number for 2G and 3G.

Requirement for an approval from the regulatory authority and the Ministry of Post and Information and Communication Technologies (the "Algerian Ministry") for importing 3G equipment/systems. Due to a ban on Djezzy's foreign exchange and certain import restrictions, a special dispensation from the Bank of Algeria was required for importing 3G equipment/systems. The dispensation was granted in October 2013 and provided for a prior approval from the ARPT and the Algerian Ministry of the detailed lists of equipment/systems to be imported. As a result the first batch of 3G equipment/systems arrived in Algeria in January 2014 and the deployment of the network could only start after this date. Our competitors started to deploy their 3G network before obtaining their 3G license and therefore, were able to launch their 3G services in the middle of December 2013 compared to July 2014 for Djezzy. In addition, the ban has remained in place for our non 3G equipment/systems and the approval procedure for 3G equipment/systems which has caused delays in our procurement process. The ban was lifted on 28 January 2015 and, as of that date, there were no bans for Djezzy on the import of any equipment or exchange of foreign currency.

Asia & Africa

Regulation of Telecommunications in Pakistan

Regulatory bodies

The Pakistani Telecommunications Industry is regulated by the Government of Pakistan, acting through the Ministry of Information Technology, or "MoIT," and the Pakistan Telecommunications Authority, or "PTA." The MoIT has overall responsibility for shaping and directing Pakistan's telecommunications and information technology policies. It has delegated the responsibility for the day-to-day enforcement and management of the telecommunications sector to the PTA. The PTA is also responsible for regulating the telecommunications industry, including licensing, tariff regulation and arbitration of interconnection disputes. The PTA has also been given the power to regulate competition in the telecommunications sector in Pakistan.

The Frequency Allocation Board, or the "FAB," has exclusive powers to allocate radio frequency spectrum. The PTA receives applications for the allocation and assignment of radio frequency spectrum and, after initial examination, refers them to the FAB for allocation of frequency.

Regulatory framework

The Pakistan Telecommunication Ordinance 1994 established the primary regulatory framework for the telecommunication industry including the establishment of an authority. Under Telecom Reorganization Act 1996, the PTA was established. Beside this the Act also defines general rules for the licensing/authorization of telecommunications networks and services and introduces principles of establishment and administration of special funds which are intended for research and development.

MTR

MTR (fixed and mobile) have been fixed on the basis of the PTA's determination of May 2008, gradually reducing from PKR1.10 to PKR0.90 (equal to approximately US\$0.011 to US\$0.009 at the exchange rate of December 31, 2014) in January 2010. The PTA initiated a costing exercise in 2011 and 2012 but this issue seems dormant presently.

MNP

MNP was launched throughout Pakistan on March 23, 2007. The current porting rate is PKR 250 (equal to approximately US\$2.49 at the exchange rate of December 31, 2014) per completed port. The Mobile Cellular Policy encourages domestic roaming and infrastructure sharing. However, it does not impose any obligations and those matters are left to the various operators to negotiate on commercial terms.

Other

In August 2004, the PTA declared SMPs in five relevant markets. Mobilink was declared an SMP in the cellular market as it had more than 25% of market share in terms of revenue. Following a review process in 2010 the PTA determined that the mobile telecommunications market was in a state of fair competition, particularly after the introduction of MNP in Pakistan. As a result, the PTA decided that Mobilink was not subject to any SMP regulations.

Due to the adverse security situation in Pakistan, the government has decided to implement strict procedures for verification of customers. For more information on the new identification requirements of the government of Pakistan see the section of this Annual Report on Form 20-F entitled "Item 3—Key Information—D. Risk Factors—Legal and Regulation Risks—New or proposed changes to laws in the markets in which we operate may harm our business."

The PTA also issued MVNO regulations in March 2012 which provide a detailed mechanism for the functioning and operations of MVNOs. No MVNOs have entered the Pakistan market as of December 31, 2013.

Mobile Network Suspension. In 2014 the Pakistan regulatory authorities forced shutdowns of cellular services on various occasions for security reasons. This resulted in revenue losses to Mobilink. The number of shutdowns has been reduced in the last quarter of 2014. Further shutdowns could have an effect on our revenue.

Regulation of Telecommunications in Bangladesh

Regulatory bodies

Pursuant to the Bangladesh Telecom Act 2010 ("BTA"), responsibilities such as issuance of licenses for telecommunications systems and services, regulation of telecommunication activities and supervision of telecommunication licensees have been transferred from the Bangladesh Telecommunications Regulatory Commission, or "BTRC", to the Ministry of Post and Telecommunications, or "MOPT."

As a result, the BTRC is the executive body for forming and regulating telecommunication policies. The MOPT has been empowered for issuance and renewal of licenses.

Regulatory framework

The main elements of the regulatory framework for the telecommunications sector in Bangladesh are embodied in the BTA. The BTA establishes rules relating to the supply of telecommunications services in Bangladesh.

MTR

The BTRC has set various interconnection rates and interconnections revenue sharing arrangements. .

MNP

The BTRC issued directives on Mobile Number Portability (“MNP”) dated June 13, 2013 with a stringent timeline for implementation. However, the mobile operators requested BTRC to start a consultation process and further revise the timeline for implementation of MNP. This consultation process is currently still ongoing.

Other

The following regulations impacted our business in Bangladesh. The reduction of international MTR from BDT2.34 (equal to approximately US\$ 0.03 at the exchange rate of December 31, 2014) to BDT1.17 (equal to approximately US\$ 0.015 at the exchange rate of December 31, 2014) impacted revenue in Bangladesh. Also, effective July 1, 2014, the national board of revenue imposed a tax amounting BDT 100 (equal to approximately US\$1.28 at the exchange rate of December 31, 2014) on SIM replacement. Lastly the cost to support and maintain the Lawful Interception Equipment for National Telecommunication Monitoring Center was scheduled to expire in May 2014. However, as the governments did not contribute to the renewal of the equipment after expiration, the operators incurred the cost.

Ukraine

Regulation of Telecommunications in Ukraine

Regulatory bodies

According to the Ukraine Telecommunications Law, or “UTL”, the Cabinet of Ministers, the Administration of the State Agency for Special Communications and Information Protection (the “Administration”) and the National Commission for the State Regulation of Communication and Informatization, or “NCCIR”, are the main governmental authorities managing the telecommunication industry.

The Cabinet of Ministers is responsible for forming general policy, ensuring equal rights for developing the forms of ownership, managing state-owned assets and directing and coordinating ministries and other central governmental bodies in the area of telecommunications.

The Administration develops state policy proposals in the area of telecommunications and is responsible for their implementation within its authority granted by law. The Administration also has the authority to prepare draft legislation and define the quality requirements for telecommunications services and technical standards for telecommunications equipment.

The NCCIR is the main regulatory and controlling body in the area of telecommunications and use of radio frequencies. The NCCIR issues licenses for the provision of licensed telecommunications services and the use of radio frequencies, maintains registries of telecommunications operators and providers, allocates numbering capacity to telecommunications operators and controls the quality of telecommunications services.

Regulatory framework

The UTL and the Ukraine Frequency Law, or the “UFL”, both as amended from time to time, are the principal laws regulating the Ukrainian telecommunications industry. The UTL includes various regulations by the Ukrainian Government and other governmental authorities to supplement the legal framework of the telecommunications industry.

The UTL sets forth general principles for the regulation of the telecommunications industry in Ukraine, including a description of the institutional framework for the government's involvement in the regulation, administration and operation of the telecommunications industry in Ukraine. The UFL regulates the allocation and use of the frequency bands in Ukraine.

MTR

The UTL allows telecommunications operators, including wireless service operators, to establish tariffs for the telecommunications services provided to customers, with the exception of tariffs on universal services and data traffic channeling by SMP telecommunications operators.

Effective September 12, 2014, the NCCIR introduced new tariffs for provision of commonly accessible (universal) services, including fixed-line local services to fixed-line customers. As a result, the tariffs for local calls and monthly subscription fees increased.

The NCCIR regulates interconnection tariffs charged to access SMP operators' and dominant operators' networks, as well as the technical, organizational and economic terms of interconnection agreements involving such operators.

MNP

Applicable legislation requires mobile operators to provide a national roaming service and to provide customers with the ability to transfer their mobile numbers from one telecommunication network to another. While MNP introduction was initially foreseen for December 2013 and then postponed to the second half of 2014, after the cancellation of the basic requirements of MNP Procedure by the court, MNP launch was postponed indefinitely.

Other

The NCCIR determines telecommunications services markets, studies the competitive environment in the telecommunications market and determines SMP operators and regulates rates of their respective services. An operator is presumed to have SMP if it has a share of more than 25% of the total revenue of all telecommunications operators and providers operating in the respective telecommunications services market. On October 20, 2011, the NCCIR determined the SMP operators in the markets for terminating calls on fixed-line and mobile networks and on December 1, 2011, it approved mandatory interconnection tariffs for the SMP operators in such markets. Our operations in the Ukraine are deemed to have SMP and are subject to these regulations.

Ukrainian law provides that the tariffs for access to infrastructure of telecommunications networks owned by operators recognized by the NCCIR as SMP operators in their respective market should comply with the methodology for setting tariffs for access to telecommunications infrastructure adopted by the NCCIR, such as setting mobile termination rates.

CIS

Regulation of Telecommunications in Kazakhstan

Regulatory bodies

Under the Kazakhstan Communications Law, the Ministry for Investments and Development (the "MID") is the central executive body authorized to implement state policy and governmental control with respect to telecommunications and to adopt relevant acts.

The Inter-Agency Commission on Radio Frequencies, or the “ICR,” is a consultative-advisory agency of the Kazakh government that provides recommendations on government policy regarding frequencies. The National Security Committee and certain other governmental defense bodies also maintain a level of control over the telecommunications industry as part of their investigative operations.

Regulatory framework

The Kazakhstan Communications Law dated July 5, 2004 is the principal act regulating the telecommunications industry in Kazakhstan and sets forth general principles for the regulation of the telecommunications industry, the authority of each regulatory body, the rules governing telecommunications network cooperation and consumer rights protections.

The Kazakhstan Communications Law grants the Kazakh government broad authority with respect to the telecommunications industry in Kazakhstan. The most important aspects with respect to our business include the government’s authority to:

- develop and implement government policy on telecommunications and frequency allocations;
- approve allocation of radio frequencies;
- approve procedures for auctions of telecommunications licenses and approve the licensing terms, conditions and qualification requirements when granting telecommunications licenses; and
- set forth the procedures and payment amounts for the ability to provide services with the use of frequencies.

The participation of foreign capital in Kazakhstan’s telecommunications market is limited by law. It is forbidden for foreign legal entities or individuals to control and operate fixed-line networks, to create and operate telecommunications networks whose headquarters are located outside Kazakhstan and to obtain more than 10.0% of voting shares in an ILD operator without governmental consent. In addition, foreign legal entities or individuals are not allowed to possess, use, dispose of or control (directly or indirectly) more than 49.0% of the total voting shares of an ILD operator who possesses surface communication lines (cables, including fiber optic and radio-relay cables).

MTR

Starting from 2013, MTR decreased by 15% on a yearly basis according to a memorandum signed between mobile operators. As of December 31, 2013, MTR is 11.1 Kazakh tenge per minute (approximately US\$0.06 as of December 31, 2014) between mobile networks, and 13.2 Kazakh tenge per minute (approximately US\$0.07 as of 31 December 2014 for fixed networks). On April 16, 2014 Kar-Tel received notification from the MID regarding a further decrease in the maximum permitted price set for entities holding dominant position in the relevant market for inbound traffic to 8.88 Kazakh tenge per minute (approximately US\$0.05 as of December 31, 2014), excluding VAT which will take effect as of January 1, 2015.

The structure of interconnect agreements is set by the MID, and dominant operators are required to enter into an interconnect agreement with any operator requesting interconnection.

MNP

The MID has announced its intention to implement MNP but has not specified the intended date or terms. MNP introduction is expected in the second quarter of 2015. At present the draft law containing the provisions on MNP is under the consideration of the Kazakh parliament.

Other

KaR-Tel was recognized as a company with significant market power and was included in the list of dominant companies in terms of mobile services in 2007. As a consequence the company is a subject of the regulated market and has a range of obligations and limitations on pricing.

According to the results of monitoring of prices and/or on the basis of complaints and information received indicating the establishment of unreasonable prices, as well as in cases of violation of the duties, the MID examines prices in accordance with the pricing rules for regulated markets.

KaR-Tel is required to provide to the Antimonopoly Agency and MID financial statements and information on the sale or transfer in trust of 10% or more of its voting shares (participation interests), monopoly types of activity, volumes of production and sales, selling prices and the level of profitability of monopoly types of services. In addition it is obliged to notify the MID in writing not less than thirty calendar days prior to the impending increase in the prices of services above the maximum price and the reasons for their increase, together with substantiating materials that support the stated reasons for the increase (in accordance with pricing rules).

Without exceeding the maximum price, KaR-Tel has the right to reduce and increase prices of produced (sold) services on the condition of informing the MID about the reasons for such reduction or increase no later than five working days from the date of the reduction or increase.

Regulation of Telecommunications in Uzbekistan

Regulatory framework

The main statutes that govern the telecommunications industry in Uzbekistan are (i) the Uzbek Communications Law dated January 13, 1992 (as amended); (ii) the Radio Frequency Spectrum Law dated December 25, 1998; (iii) Protection of Consumers' Rights dated April 26, 1996; (iv) the Uzbek Telecommunications Law; (v) Licensing Certain Types of Business dated May 25, 2000; and (vi) the Uzbek Competition Law dated January 6, 2012.

These laws determine the general legal and economic basis for organizing communications systems, establishing rights and duties of a company in terms of ownership, use, disposal and management of communications equipment when setting up and operating communications networks and providing communications services.

Regulatory bodies

The government authorities responsible for supervising the telecommunications industry in Uzbekistan are the State Committee for Communication, Informatization and Telecommunication Technologies of the Republic of Uzbekistan and the Uzbek Communications Committee, which is the specially authorized state administration authority that is responsible for regulating the telecommunications industry in Uzbekistan.

In accordance with the Uzbek Telecommunications Law, businesses offering communications services in the Republic of Uzbekistan may be privately or publicly held by Uzbek or foreign national individuals or legal entities. All owners of telecommunications networks have equal rights and enjoy equal protection guaranteed by the law, and the legislation imposes no restrictions on foreign investors.

The State Inspectorate for supervision of communications, information and telecommunication technologies is responsible for monitoring compliance by telecommunications companies with license requirements and conditions.

The State Committee of Uzbekistan on Privatization, Demonopolization and Development of Competition is a government body which focuses on the further deepening of economic reforms, acceleration of denationalization and privatization processes, and provision of development and support of private entrepreneurship in Uzbekistan.

MTR

Local mobile termination rates are not regulated in Uzbekistan; according to current legislation mobile termination rates are determined on the basis of the contracts between operators.

However, due to the inclusion of Unitel LLC on the list of SMP operators, the Uzbek regulator has adopted a decision to oblige Unitel LLC to establish mobile termination rates for all operators at the same level as Unitel LLC has agreed with Uzbektelecom JSC (which is 90% state owned). This order is related to the fact that MTR for Uzbektelecom is lower than with other operators. At present, Unitel LLC is challenging this decision in judicial bodies of Uzbekistan.

MNP

Mobile number portability is currently not required in Uzbekistan. It is unclear if and when MNP may be introduced.

Other

A position is said to be dominant where a business or group of persons has a market share of 65.0% or more. If a business holds a market share of between 35.0% and 65.0%, it may be deemed to have a dominant position, subject to a determination by the Uzbek Antimonopoly Authority based on the size of market share, the stability of the business's market share, the share taken by competitors, ease of access to the market for new competitors and other criteria relevant to the given market. On September 19, 2013, Unitel was recognized as a SMP. As a result, as of November 12, 2013, Unitel is obliged to declare all its tariffs to the Ministry of Finance of Uzbekistan for approval. Despite numerous attempts to obtain approval in accordance with Uzbek Competition law the Ministry of Finance has not yet granted such approvals.

Regulation of Telecommunications in Armenia

Regulatory framework

Regulation of the Armenian telecommunications industry currently consists of the Law on Electronic Communications, dated July 8, 2005 (the "Law on Electronic Communications"), as amended, and other laws and decisions of the relevant regulatory authorities in Armenia.

Armenian Regulatory Authorities

There are two relevant authorities in the Republic of Armenia with regards to the telecommunications sector: (i) the government of the Republic of Armenia (the "AMTC") and (ii) the Commission on Regulation of Public Services of the Republic of Armenia, or the "Armenian Regulator".

The AMTC's role is to (i) determine policy regarding the development of the telecommunications sector, (ii) prepare general policy and objectives regarding the provision of universal services in Armenia, and (iii) allocate particular portions of radio spectrum for specific types of use.

The Armenian Regulator is established under the Law on the Public Utility Regulator of the Republic of Armenia.

The primary relevant functions of the Armenian Regulator are:

- implementing competition in the provision of public electronic communications services and networks;
- regulating public electronic communications networks and services;
- with respect to radio communication, allocating particular portions of the radio spectrum under its control for specific purposes; and
- adopting justified, fair and transparent resolutions that conform to laws and public interest and establishing procedures for implementation of resolutions.

MTR

Mobile termination rates are not subject to regulation unless an operator is qualified by the Armenian Regulator as SMP. However, mobile and fixed network termination rates are regulated in Armenia indirectly as, in 2009, the Armenian Regulator adopted Decision No 506A (as a result of the resolution of the interconnection rates dispute between K-Telecom CJSC and Armentel CJSC) and defined mobile and fixed network termination rates. International mobile termination rate are also defined indirectly as a result of the resolution of the international transit traffic rates dispute between the operators.

MNP

On April 1, 2014, mobile number portability was introduced in Armenia. ArmenTel has complied with legal requirements and began providing MNP to customers. As of December 31, 2014, the effect of MNP on Armentel can be considered minor.

Other

According to the Law on Protection of Economic Competition, ArmenTel is considered a dominant operator of fixed-line telephony and international data transmission (IP transit) services.

All dominant operators must publish information concerning the location and available capacity of their line facilities in accordance with the requirements set by the Armenian Regulator (per the Law on Electronic Communications). Any dominant operator that owns a line facility must allow any other operator to lease the capacity of such line facility. Each operator shall, upon request, interconnect its public electronic communications network with the public electronic communications network of any other operator. Each dominant operator must provide interconnection for the provision of public electronic communications services and must submit an interconnection offer to the Armenian Regulator.

In the course of regulating prices, the Armenian Regulator must ensure that service providers recover a reasonable rate of return on the value of their investments directed to public services. This may include investments that are not economic or that are inefficient, but that are geared towards the advancement of technology or public policy. When determining the rate of return, the Armenian Regulator takes into consideration international benchmarks and features distinct to Armenia.

We have license obligations in Armenia that require the Company to modernize wireless services in 120 geographical locations to ensure access to broadband services. Currently the service is provided using CDMA technology, which does not support broadband access. This license condition must be fulfilled by September 2016. Consequences of non-fulfillment could be significant fines or license revocation.

