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, 2015

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)

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(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 Select Market
Common shares, US$0.001 nominal value	NASDAQ Global Select 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," "the 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, 2015, 2014 and 2013 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 (i) "U.S. dollars," "US$" or "USD" are to the lawful currency of the United States of America, (ii) "Russian rubles," "rubles" or "RUB" are to the lawful currency of the Russian Federation, (iii) "Algerian dinar" or "DZD" are to the lawful currency of Algeria, (iv) "Pakistani rupees" or "PKR" are to the lawful currency of Pakistan, (iv) "Bangladeshi taka" or "BDT" are to the lawful currency of Bangladesh, (v) "Ukrainian hryvnia," "hryvnia" or "UAH" are to the lawful currency of Ukraine, (vi) "Kazakh tenge" or "KZT" are to the lawful currency of the Republic of Kazakhstan, (vii) "Uzbek som" or "UZS" are to the lawful currency of Uzbekistan, (viii) "Kyrgyz som" are to the lawful currency of Kyrgyzstan,

(ix) “Armenian dram” are to the lawful currency of the Republic of Armenia, (x) “Tajik somoni” are to the lawful currency of Tajikistan, (xi) “Georgian lari” are to the lawful currency of Georgia, (xii) “Lao kip” are to the lawful currency of Laos and (xiii) “€,” “EUR” or “Euro” are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time. In addition, references to “EU” are to the European Union, 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 Bills and references to “Rendistato” are to the weighted average yield on a basket of Italian government securities produced and published by the 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, Pakistani rupee and Bangladeshi taka amounts at the exchange rates provided by Bloomberg Finance L.P. and from Russian ruble, Ukrainian 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.

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 the reconciliations, our consolidated Adjusted EBITDA differs from the aggregation of Adjusted EBITDA of each of our reportable segments. 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 indicate 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.

Local currency financial measures. In the discussion and analysis of our results of operations, we present certain financial measures in local or "functional" currency terms. These non-GAAP financial measures include the results of operations of our reportable segments in jurisdictions with local functional currencies, and exclude the impact of translating the local currency amounts to U.S. dollars. We analyze the performance of our reportable segments on a functional currency basis to better measure the comparability of results between periods. Because changes in foreign exchange rates have a non-operating impact on the results of operations, our management believes that evaluating their performance on a functional currency basis provides an additional and meaningful assessment of performance to our management and to investors. For information regarding our translation of foreign currency-denominated amounts into U.S. dollars, see "Item 5—Operating and Financial Review and Prospects—Certain Factors Affecting our Financial Position and Results of Operations—Foreign Currency Translation" and Note 3 to our audited consolidated financial statements included elsewhere in their Annual Report on Form 20-F.

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," "plans," "aims," "seeks," "believes," "will," "may," "could," "should" or the negative of these terms. All forward-looking statements, including discussions of strategy, plans, ambitions, objectives, goals and future events or performance, involve risks and uncertainties. Examples of forward-looking statements include:

- our plans to implement our strategic priorities, including with respect to our performance transformation; business to business growth and other new revenue streams; digitalizing our business model; portfolio and asset optimization; improving customer experience and optimizing our capital structure;
- our ability to generate sufficient cash flow to meet our debt service obligations and our expectations regarding working capital and the repayment of our debt;
- our expectations regarding our capital expenditures in and after 2016 and our ability to meet our projected capital requirements;
- our plans to upgrade and build out our networks and to optimize our network operations;
- our goals regarding value, experience and service for our customers, as well as our ability to retain and attract customers and to maintain and expand our market share positions;
- our plans to develop, provide and expand our products and services, including broadband services and integrated products and services, such as fixed-mobile convergence;
- our ability to execute our business strategy successfully and to complete, and achieve the expected benefits from, our existing and future transactions, such as our agreement with CK Hutchison Holdings Limited ("Hutchison"), which owns indirectly 100% of Italian mobile operator 3 Italia S.p.A.

(“3 Italia”), to form an equal joint venture holding company that will own and operate our telecommunications businesses in Italy (a transaction we refer to as the “Italy Joint Venture” in this Annual Report on Form 20-F); our agreement with Warid Telecom Pakistan LLC (“WTPL”) and Bank Alfalah Limited (“Bank Alfalah”) to merge our telecommunications businesses in Pakistan (a transaction we refer to as the “Pakistan Merger” in this Annual Report on Form 20-F); and the sale by WIND Telecomunicazioni S.p.A. (“WIND Italy”) of 90% of the shares of Galata S.p.A. (“Galata”) to Cellnex Telecom Terrestre SA, formerly named Abertis Telecom Terrestre SAU (“Cellnex”);

- our ability to integrate acquired companies, joint ventures or other forms of strategic partnerships into our existing businesses in a timely and cost-effective manner and to realize anticipated synergies therefrom;
- our expectations as to pricing for our products and services in the future, improving our monthly average revenue per customer and our future costs and operating results;
- our plans regarding our dividend payments and policies, as well as our ability to receive dividends, distributions, loans, transfers or other payments or guarantees from our subsidiaries;
- 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 plans regarding the marketing and distribution of our products and services, as well as our customer loyalty programs;
- our expectations regarding our competitive strengths, customer demands, market trends and future developments in the industry and markets in which we operate;
- possible consequences of resolutions 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”) through agreements, and any litigation or additional investigations related to or arising out of such agreements or investigations, any costs we may incur in connection with such resolutions, investigations or litigation, as well as any potential disruption or adverse consequences to us resulting from any of the foregoing, including the retention of a compliance monitor as required by the Deferred Prosecution Agreement (the “DPA”) with the DOJ and the final judgment and consent related to the settlement with the SEC (the “Consent”), any changes in company policy or procedure suggested by the compliance monitor or undertaken by the company, the duration of the compliance monitor, and the company’s compliance with the terms of the resolutions with the DOJ, SEC, and OM; 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 with whom 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 possible consequences of the investigations by, and the agreements with, the DOJ, SEC and OM and any additional investigations or litigation that may be initiated relating 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 the retention of a compliance monitor;
- risks related to our strategic shareholders, lenders, employees, joint venture partners, representatives, agents, suppliers, customers and other third parties;
- risks associated with our existing and future transactions, including with respect to satisfying closing conditions, obtaining regulatory approvals and implementing remedies;
- risks related to the ownership of our shares; 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 any 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, 2015 has been derived from our historical consolidated financial statements which have been audited by PricewaterhouseCoopers Accountants N.V., an independent registered public accounting firm, for the years ended December 31, 2015 and 2014 and Ernst & Young Accountants LLP, an independent registered public accounting firm, for the years ended December 31, 2013, 2012 and 2011. 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." The data for 2014, 2013, 2012 and 2011 has been restated to reflect the classification of WIND Italy as a discontinued

operation, and the restated data for 2012 and 2011 is unaudited. For more information, please see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Italy Joint Venture" and Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

	Year ended December 31,				
	2015	2014	2013	2012 Unaudited	2011 Unaudited
	(In millions of US dollars, except per share amounts)				
Consolidated income statements data:					
Service revenue	9,332	13,231	15,472	15,607	14,304
Sale of equipment and accessories	190	218	391	422	360
Other revenue	103	68	103	49	12
Total operating revenue	**9,625**	**13,517**	**15,966**	**16,078**	**14,676**
Operating expenses					
Service costs	1,956	2,962	3,595	3,626	3,483
Cost of equipment and accessories	231	252	438	400	466
Selling, general and administrative expenses	4,563	4,743	6,256	4,962	4,663
Depreciation	1,550	1,996	2,245	2,188	2,129
Amortization	517	647	808	1,062	1,193
Impairment loss	245	976	2,963	391	483
Loss on disposals of non-current assets	39	68	93	199	92
Total operating expenses	**9,101**	**11,644**	**16,398**	**12,828**	**12,509**
Operating profit	**524**	**1,873**	**(432)**	**3,250**	**2,167**
Finance costs	829	1,077	1,213	1,058	822
Finance income	(52)	(52)	(90)	(151)	(122)
Other non-operating losses/(gains)	42	(121)	(84)	(34)	30
Shares of loss/(profit) of associates and joint ventures accounted for using the equity method	(14)	38	159	9	35
Net foreign exchange (gain)/ loss	314	556	12	(52)	102
(Loss)/profit before tax	**(595)**	**375**	**(1,642)**	**2,420**	**1,300**
Income tax expense	220	598	1,813	730	276
(Loss)/profit for the year from continuing operations	**(815)**	**(223)**	**(3,455)**	**1,690**	**1,024**
(Loss)/profit after tax for the period from discontinued operations	262	(680)	(633)	(314)	(755)
(Loss)/profit for the year	**(553)**	**(903)**	**(4,088)**	**1,376**	**269**
Attributable to:					
The owners of the parent (continuing operations)	(917)	33	(1,992)	1,853	1,298
The owners of the parent (discontinued operations)	262	(680)	(633)	(314)	(755)
Non-controlling interest	102	(256)	(1,463)	(163)	(274)
	(553)	(903)	(4,088)	1,376	269
Earnings/(loss) per share from continuing operations					
Basic, (loss)/profit for the year attributable to ordinary equity holders of the parent	$ (0.52)	$ 0.02	$ (1.16)	$ 1.14	$ 0.85
Diluted, (loss)/profit for the year attributable to ordinary equity holders of the parent	$ (0.52)	$ 0.02	$ (1.16)	$ 1.14	$ 0.85
Earnings/(loss) per share from discontinued operations					
Basic, (loss)/profit for the year attributable to ordinary equity holders of the parent	$ 0.15	$ (0.39)	$ (0.37)	$ (0.19)	$ (0.50)
Diluted, (loss)/profit for the year attributable to ordinary equity holders of the parent	$ 0.15	$ (0.39)	$ (0.37)	$ (0.19)	$ (0.50)
Weighted average number of common shares (millions)	1,748	1,748	1,711	1,618	1,524
Dividends declared per share	$0.035	$ 0.035	$ 1.24	$ 0.80	$ 0.80

	As of December 31,				
	2015	2014	2013[2]	2012	2011
	(In millions of US dollars)				
Consolidated balance sheets data:					
Cash and cash equivalents	3,614	6,342	4,454	4,949	2,325
Working capital (deficit)[1]	(156)	(938)	(2,815)	(2,421)	(3,074)
Property and equipment, net	6,239	11,849	15,493	15,666	15,165
Intangible assets and goodwill	6,447	18,002	24,546	27,565	28,601
Total assets	33,854	41,042	49,747	54,737	54,039
Total liabilities	29,960	37,066	40,669	39,988	39,137
Total equity	3,894	3,976	9,078	14,749	14,902

(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.

	Year ended December 31,				
	2015	2014	2013	2012 Unaudited	2011 Unaudited
	(In millions of US dollars)				
Other data:					
Adjusted EBITDA *	2,875	5,560	5,677	7,090	6,064

* 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 before tax for the year, the most directly comparable IFRS financial measure, is presented below.

Reconciliation of Adjusted EBITDA to profit before tax for the year

	Year ended December 31,				
	2015	2014	2013	2012 Unaudited	2011 Unaudited
	(In millions of US dollars)				
Adjusted EBITDA	**2,875**	**5,560**	**5,677**	**7,090**	**6,064**
Depreciation	(1,550)	(1,996)	(2,245)	(2,188)	(2,129)
Amortization	(517)	(647)	(808)	(1,062)	(1,193)
Impairment loss	(245)	(976)	(2,963)	(391)	(483)
Loss on disposals of non-current assets	(39)	(68)	(93)	(199)	(92)
Finance costs	(829)	(1,077)	(1,213)	(1,058)	(822)
Finance income	52	52	90	151	122
Other non-operating losses/(gains)	(42)	121	84	34	(30)
Shares of (loss)/profit of associates and joint ventures accounted for using the equity method	14	(38)	(159)	(9)	(35)
Net foreign exchange loss/(gain)	(314)	(556)	(12)	52	(102)
(Loss)/profit before tax	**(595)**	**375**	**(1,642)**	**2,420**	**1,300**

SELECTED OPERATING DATA

The following selected operating data as of and for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 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,				
	2015	2014	2013	2012	2011
Selected company operating data[1]:					
End of period mobile customers (in millions):					
Russia	59.8	57.2	56.5	56.1	57.2
Algeria[2]	17.0	17.7	17.6	16.7	16.2
Pakistan	36.2	38.5	37.6	36.1	34.2
Bangladesh	32.3	30.8	28.8	25.9	23.8
Ukraine[2]	25.4	26.2	25.8	25.1	23.2
Kazakhstan	9.5	9.8	9.2	8.6	8.4
Uzbekistan	9.9	10.6	10.5	10.2	6.4
Other Countries[3]	6.2	6.3	6.1	5.7	5.4
Italy	21.1	21.6	22.3	21.6	21.0
Total mobile customers[4]	217.4	218.7	214.4	206.0	197.4
Mobile MOU[5]					
Russia	311	304	291	276	243
Algeria[2]	209	210	216	274	289
Pakistan	336	238	226	214	206
Bangladesh	209	197	184	216	209
Ukraine[2]	543	508	501	513	483
Kazakhstan	285	309	290	213	148
Uzbekistan	528	523	471	474	425
Other Countries					
Kyrgyzstan	281	293	265	272	303
Armenia	353	374	339	269	257
Tajikistan	291	286	270	241	229
Georgia	235	228	244	237	207
Laos	100	103	106	97	233
Italy	269	264	237	207	197
Mobile ARPU[5]					
Russia	US$ 5.2	US$ 8.6	US$ 10.6	US$ 10.8	US$ 11.0
Algeria[2]	US$ 6.0	US$ 7.9	US$ 8.4	US$ 9.0	US$ 9.8
Pakistan	US$ 2.1	US$ 2.1	US$ 2.3	US$ 2.6	US$ 2.7
Bangladesh	US$ 1.6	US$ 1.5	US$ 1.5	US$ 1.8	US$ 1.8
Ukraine[2]	US$ 1.8	US$ 3.1	US$ 4.7	US$ 5.2	US$ 5.2
Kazakhstan	US$ 4.4	US$ 5.8	US$ 7.1	US$ 7.6	US$ 8.3
Uzbekistan	US$ 5.7	US$ 5.6	US$ 5.3	US$ 4.6	US$ 4.1
Other Countries					
Kyrgyzstan	US$ 4.9	US$ 5.5	US$ 6.6	US$ 5.5	US$ 5.5
Armenia	US$ 4.9	US$ 6.6	US$ 7.1	US$ 6.8	US$ 8.1
Tajikistan	US$ 8.1	US$ 9.2	US$ 10.0	US$ 8.6	US$ 8.8
Georgia	US$ 3.0	US$ 4.9	US$ 6.3	US$ 6.7	US$ 6.8
Laos	US$ 5.4	US$ 5.3	US$ 6.0	US$ 5.6	US$ 5.1
Italy	US$ 12.5	US$ 14.6	US$ 16.3	US$ 18.5	US$ 21.7

	As of December 31,				
	2015	2014	2013	2012	2011
Annual churn (as a percentage)[5]					
Russia	53.8	60.1	63.9	63.2	62.8
Algeria[2]	38.5	28.0	31.6	29.5	23.4
Pakistan	33.3	26.0	23.0	25.2	29.5
Bangladesh	22.7	21.6	22.3	25.2	18.5
Ukraine[2]	23.5	24.9	35.3	29.8	28.9
Kazakhstan	54.6	50.5	48.6	55.8	47.4
Uzbekistan	45.9	48.1	53.5	55.1	59.7
Other Countries					
Kyrgyzstan	67.6	65.7	65.6	66.1	52.3
Armenia	39.2	43.9	62.6	83.9	87.6
Tajikistan	76.8	77.1	77.9	72.7	67.4
Georgia	68.8	69.7	74.0	79.1	70.1
Laos	119.0	94.6	102.6	141.0	258.0
Italy	29.2	31.4	36.6	35.2	28.3
End of period broadband customers, mobile and fixed (in millions):					
Russia	6.2	5.9	5.4	5.0	4.6
Ukraine	0.8	0.8	0.8	0.6	0.4
Kazakhstan[6]	5.2	5.6	5.4	4.8	4.4
Uzbekistan[6]	4.7	5.5	5.5	4.8	2.8
Other Countries[3][6]	3.0	3.0	2.8	2.7	2.3
Italy	13.9	12.3	10.5	7.8	6.6
Total broadband customers	33.8	33.1	30.4	25.7	21.1

(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."

(2) The customer numbers for 2012 and 2011 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.

(3) Customer numbers for Kyrgyzstan, Armenia, Tajikistan, Georgia and Laos.

(4) The customer numbers for 2015, 2014, 2013, 2012 and 2011 have been adjusted to remove customers in operations that have been sold.

(5) For Wind Telecom S.p.A. group companies acquired on April 15, 2011, Mobile MOU, ARPU and Churn are calculated based on the full year.

(6) Mobile broadband customers in Kazakhstan and Uzbekistan (as well as in Kyrgyzstan, Armenia, Tajikistan and Georgia) 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.

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 American Depositary Shares (ADS). 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, cash flows and 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 harm our business, financial condition, results of operations, cash flows and prospects.

Risks Related to Our Business

Substantial amounts of indebtedness and debt service obligations could materially decrease our cash flow, adversely affect our business and financial condition and prevent us from raising additional capital.

We have substantial amounts of indebtedness and debt service obligations. As of December 31, 2015, the outstanding principal amount of our external debt for bank loans, bonds, equipment financing, and loans from others amounted to approximately US$9.5 billion, excluding US$12.0 billion of indebtedness of WIND Italy. For more information regarding our outstanding indebtedness, see "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financing Activities." For more information on the Italy Joint Venture and the treatment of WIND Italy's indebtedness and liabilities, see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Italy Joint Venture" and Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Agreements under which we borrow funds contain obligations, which include covenants that impose on us certain operating and financial restrictions. Some of these covenants relate to our financial performance or financial condition, such as levels or ratios 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 a 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 or to which our creditors otherwise have recourse. 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" and Notes 17 and 27 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. Please also see "—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" for information regarding change of control provisions in some of our debt agreements.

Aside from the risk of default, given our substantial amounts of indebtedness 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 flexibility and resiliency in the face of general adverse economic and industry conditions.

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 risks that we now face related to our substantial indebtedness and debt service obligations 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, the 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 restricted by covenants in our financing agreements or affected by any downgrade of our credit ratings, even for reasons outside our control, which may materially 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, until the completion of the Italy Joint Venture, Euros, including capital expenditures and borrowings, while a significant amount of our revenue is denominated 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 values of the Russian, Ukrainian and Kazakh 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 and 2015, in particular, negatively impacted our results of operations and resulted in a foreign currency exchange loss in these periods. In addition, the significant devaluation of the Ukrainian hryvnia in 2014 and 2015 (partly due to the National Bank of Ukraine's decision in February 2015 to suspend its interventions to support the currency), the Kazakh tenge in 2014 and 2015 (in the absence of a currency stabilization policy in Kazakhstan) and the Algerian dinar in 2015 negatively impacted revenues in our Ukraine, Kazakhstan and Algeria segments, respectively, and our results of operations.

Currency fluctuations and volatility may impact our results of operations and result in foreign currency transaction and translation losses in the future. For example, in 2015, total operating revenues in functional currency terms were relatively stable compared to 2014, but in U.S. dollar terms, total operating revenues decreased by 29%. For more information about foreign currency translation and our results of operations, see the sections entitled "Item 5—Operating and Financial Review and Prospects—Results of Operations" and "—Certain Factors Affecting our Financial Position and Results of Operations—Foreign Currency Translation." 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 our existing or future hedging strategies will sufficiently hedge against these risks.

In addition, exchange controls and currency restrictions in any of our geographic regions could materially 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 also face currency restrictions in some of our other countries of operation, including Ukraine, Algeria and Bangladesh. For more information on currency restrictions and exchange controls, see "—As a holding company, VimpelCom depends on the performance of its subsidiaries" and "—Risks Related to Our Markets—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 we can conduct business and currency control requirements restrict activities in certain markets in which we have operations." 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 are subject to a DPA with the DOJ, a Consent with the SEC, and a settlement agreement with the OM. The agreements with the DOJ and the SEC require us to retain, at our own expense, an independent compliance monitor, and the DPA and the agreement with the OM require us to continue to cooperate with the agencies regarding their investigations of other parties. We will incur costs in connection with these obligations, which may be significant.

VimpelCom has reached resolutions through agreements with the DOJ, the SEC and the OM relating to the previously disclosed investigations under the FCPA and relevant Dutch laws pertaining to our business in Uzbekistan and prior dealings with Takilant Ltd. For more information regarding these resolutions, please see Note 24 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

On February 18, 2016, the U.S. District Court for the Southern District of New York (the "District Court") approved the DPA between VimpelCom Ltd. and the DOJ and the guilty plea of Unitel LLC. On February 22, 2016, the District Court issued a final judgment approving VimpelCom's Consent in the SEC investigation. Under the DPA and the Consent, VimpelCom agreed to appoint an independent compliance monitor (the "monitor"). Pursuant to the DPA and the Consent, the monitorship will continue for a period of three years, and the term of the monitorship may be terminated early or extended depending on certain circumstances, as ultimately determined and approved by the DOJ and SEC. The monitor will assess and monitor VimpelCom's compliance with the terms of the DPA and the Consent by evaluating factors such as VimpelCom's corporate compliance program, internal accounting controls, recordkeeping and financial reporting policies and procedures. The monitor may recommend changes to our policies, procedures, and internal accounting controls that we must adopt unless they are unduly burdensome or otherwise inadvisable, in which case we may propose alternatives, which the DOJ and the SEC may or may not accept.

Under the DPA and pursuant to the Consent, VimpelCom also represented that it has implemented and agreed that it will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout its operations. Further, VimpelCom represented that it has undertaken and will continue to undertake a review of its existing internal accounting controls, policies, and procedures regarding compliance with the FCPA and other applicable anti-corruption laws. As noted above, these obligations will be reviewed and tested by the monitor appointed under the DPA and the Consent. Due to the complexity of the markets in which VimpelCom operates, compliance with these obligations may occupy a significant portion of management's time.

In connection with the company's entry into the DPA, the Consent and the settlement agreement with the OM (the "Dutch Settlement Agreement"), the company was required to pay an aggregate of US$795 million in fines and disgorgement to U.S. and Dutch authorities. Additionally, the company has incurred significant costs in connection with its retention of legal counsel and other vendors/advisors and the internal investigation undertaken in connection with these matters. The company currently cannot estimate the additional costs that it is likely to incur in connection with compliance with the DPA, the Consent and the Dutch Settlement Agreement, including the ongoing obligations to cooperate with the agencies regarding their investigations of other parties, the monitorship, and the costs of implementing the changes, if any, to its policies and procedures required by the monitor. However, such costs could be significant.

If we commit a breach of the DPA, we may be subject to criminal prosecution. Such criminal prosecution could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Under the DPA, the DOJ will defer criminal prosecution of VimpelCom for the three-year term of the DPA. If the DOJ determines that VimpelCom has violated the DPA (including the monitoring provisions described in the preceding risk factor), the DOJ may in its sole discretion commence prosecution or extend the term of the DPA for up to one year. If VimpelCom remains in compliance with the DPA through its term, the charges against VimpelCom will be dismissed with prejudice after the conclusion of the DPA.

Failure to comply with the terms of the DPA could result in criminal prosecution by the DOJ, including (but not limited to) for the charged conspiracy to violate the anti-bribery and the books and records provisions of the FCPA and violation of the internal controls provisions of the FCPA that were included in the information that was filed in connection with the DPA. Under such circumstance, the DOJ would be permitted to rely upon the admissions we made in the DPA and would benefit from our waiver of certain procedural and evidentiary defenses.

Pursuant to the Consent, VimpelCom is permanently enjoined from committing or aiding and abetting any future violations of the anti-fraud, corrupt payments, books and records, reporting and internal control provisions of the federal securities laws and related SEC rules. Failure to comply with this injunction could result in the imposition of civil or criminal penalties, a new SEC enforcement action or both.

Any criminal prosecution by the DOJ as a result of a breach of the DPA or civil or criminal penalties imposed as a result of noncompliance with the Consent could subject us to penalties and other costs and could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may face other potentially negative consequences relating to the investigations by, and agreements with, the DOJ, SEC and OM, including additional investigations and litigation.

We may face other potentially negative consequences relating to the investigations by, and agreements with, the DOJ, SEC and OM. For example, none of the DPA, the Consent or the Dutch Settlement Agreement prevents these authorities from carrying out certain additional investigations with respect to the facts not covered in the agreements or in other jurisdictions, or prevents authorities in other jurisdictions from carrying out investigations into, or taking actions with respect to the issuance or renewal of our licenses (for example, in Uzbekistan) or otherwise in relation to, these or other matters. Furthermore, the Norwegian Government has stated that it plans to hold parliamentary hearings concerning the investigations. Similarly, the agreements do not foreclose potential third party or additional shareholder litigation related to these matters. For example, since the announcement of our US$900 million provision in the third quarter of 2015, two class action lawsuits have been filed against VimpelCom in relation to our prior disclosure regarding the investigations by the DOJ, SEC and OM. We may incur significant costs in connection with these or future lawsuits. Any collateral investigations, litigation or other government or third party actions resulting from these matters could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

In addition, ongoing media and governmental interest in the investigations, settlements and lawsuits and any announced investigations and/or arrests of our former executive officers could impact the perception of us and result in reputational harm to our company.

Efforts to merge with or acquire other companies or product lines, or to otherwise form strategic partnerships with third parties, may divert management attention and resources away from our business operations, and if we complete a merger, an acquisition or other strategic partnership, we may incur or assume additional liabilities or experience integration problems.

We seek from time to time to merge with or acquire other companies or product lines, or to form strategic partnerships through the formation of joint ventures or otherwise, for various strategic reasons, including to acquire more frequency spectrum, new technologies and service capabilities; add new customers; increase market penetration or expand into new markets. In particular, on January 30, 2015, we completed the sale by our 51.9% owned subsidiary, Global Telecom Holding S.A.E. ("GTH"), of a non-controlling 51% interest in Omnium Telecom Algérie SpA ("OTA") to the Fonds National d'Investissement, the Algerian National Investment Fund ("FNI") (see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Algeria Transaction and Settlement"); on August 6, 2015, we entered into an agreement with Hutchison, which owns indirectly 100% of Italian mobile operator 3 Italia, to form an equal joint venture holding company that

will own and operate our telecommunications businesses in Italy (see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Italy Joint Venture"); and on November 26, 2015, we entered into an agreement with WTPL, the parent company and majority shareholder of Warid Telecom (Private) Limited ("Warid"), and Bank Alfalah to merge our telecommunications businesses in Pakistan (see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Pakistan Merger"). Our ability to successfully grow through acquisitions or strategic partnerships depends upon our ability to identify, negotiate, complete and integrate suitable companies and to obtain any necessary financing and the prior approval of any relevant regulatory bodies or courts. These efforts could divert the attention of our management and key personnel from our business operations. As a result of any such merger, acquisition or strategic partnerships or failure of any anticipated merger, acquisition or strategic partnership to materialize (including any such failure caused by regulatory or third-party challenges), we may also experience:

- difficulties in realizing expected synergies or integrating acquired companies, joint ventures or other forms of strategic partnerships, personnel, products, property and technologies into our existing business;
- increased capital expenditure costs;
- difficulties relating to the acquired or formed 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 our intellectual property;
- delays, or failure, in realizing the synergy benefits or costs of a merged or acquired or formed company or products;
- higher costs of integration than we anticipated;
- difficulties in retaining key employees of the merged or acquired business or strategic partnerships who are necessary to manage our businesses;
- difficulties in maintaining uniform standards, controls, procedures and policies throughout our businesses;
- risks that different geographic regions present, such as currency exchange risks, developments in competition and regulatory, political, economic and social developments;
- adverse customer reaction to the business combination; and
- increased liability and exposure to contingencies that we did not contemplate at the time of the acquisition or strategic partnership.

In addition, an acquisition or strategic partnership could materially impair our operating results by causing us to incur debt or requiring us to amortize merger or acquisition expenses and merged or acquired assets. We may not be able to assess ongoing profitability and identify all actual or potential liabilities or issues of a business prior to an acquisition, merger or strategic partnership. If we acquire, merge with or form strategic partnerships with businesses or assets which result in assuming unforeseen liabilities in respect of which we have not obtained contractual protections or for which protection is not available, this could harm our business, financial condition, results of operations, cash flows and prospects. As we investigate industry consolidation, our risks may increase. Our integration and consolidation of such businesses may also lead to changes in our operational efficiencies or structure. For information about our acquisitions, please see Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Further, we may not be able to divest some of our activities as planned, such as any intended towers sales (which could cause costs to be materially higher than anticipated), and the divestitures we carry out could negatively impact our business.

The Italy Joint Venture and the Pakistan Merger are subject to significant uncertainties and risks.

The Italy Joint Venture and the Pakistan Merger are subject to significant uncertainties and risks. For example, it is possible that each transaction does not complete due to a failure to obtain approvals from the relevant regulatory authorities or other consents in a timely manner, or at all. In the case of the Italy Joint Venture, EU competition approval may require the implementation of remedies by the parties, which may reduce or eliminate the expected cost synergies, be otherwise unacceptable to us, or which we may be unable to implement as required. In addition, in the case of the Pakistan Merger, we will not obtain control of Warid until completion, and, therefore, there can be no assurance that the counterparties will operate their business during the period prior to closing in the same way that we would, even though certain contractual restrictions will apply to the counterparties and Warid during the period between signing and closing.

Completion of the transactions is also subject to the satisfaction of other conditions, such as obtaining lender consents and the release of certain guarantees, as applicable. Even if the transactions do complete, there can be no assurance that we will not experience difficulties in integrating the operations of the respective companies, that we will realize expected synergies, or that we will not incur higher than expected costs. In addition, we expect that the completion of each of these transactions will require substantial time and focus from management, which could adversely affect their ability to operate the businesses.

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 LLP, TNS-Plus LLP, 2Day Telecom LLP, KAZEUROMOBILE LLP), Algeria (OTA), Uzbekistan (Buzton JV), Kyrgyzstan (Sky Mobile LLC, Terra LLC), Georgia (Mobitel LLC), Tajikistan (Tacom LLC), Laos (VimpelCom Lao Co., Ltd) and currently, Zimbabwe (Telecel Zimbabwe (Private) Limited), which is subject to an agreement for us to sell our stake in our equity investee in Zimbabwe. In addition, on August 6, 2015, we entered into an agreement with Hutchison, which owns indirectly 100% of Italian mobile operator 3 Italia, to form an equal joint venture holding company that will own and operate our telecommunications businesses in Italy (see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Italy Joint Venture").

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. If disagreements develop with our partners, our business, financial condition, results of operations, cash flows and prospects may be harmed. 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 provisions, 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."

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 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, limitations on the making of loans and repayment of debts, 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 Telecom S.p.A. are restricted from making dividend distributions and certain other payments to VimpelCom by existing covenants in their financing documents. For more detail on Wind Telecom S.p.A. financings, see "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financing Activities." In addition, our subsidiary Kyivstar cannot expatriate dividends to VimpelCom because of restrictions imposed by the National Bank of Ukraine to regulate money, credit and currency in Ukraine. For further details on the restrictions on dividend payments, see "—Risks Related to Our Markets—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 we can conduct business and currency control requirements restrict activities in certain markets in which we have operations." 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 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 deterioration in the relationship among our strategic shareholders.

As of March 15, 2016, our company's largest shareholders, L1T VIP Holdings S.à r.l. ("LetterOne") and Telenor East Holding II AS ("Telenor East"), and their respective affiliates, beneficially owned, in the aggregate, approximately 90.9% of our outstanding voting shares, with LetterOne beneficially owning approximately 47.9% of our voting shares and Telenor East beneficially owning approximately 43.0% of our 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. For more information on our largest shareholders, see "Item 7—Major Shareholders and Related Party Transactions—A. Major Shareholders" below.

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 ASA ("Telenor"), and we understand that LetterOne has an indirect minority interest in companies that compete with our subsidiaries in Ukraine, Kazakhstan and Georgia. 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, financial condition, results of operations, cash flows and prospects.

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 harm our business, financial condition, results of operations, cash flows and prospects. For more information on our two 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 their stake in our company, we would be deprived of those benefits, which could harm our business, financial condition, results of operations, cash flows and prospects. On October 5, 2015, Telenor announced its decision to divest its shares in VimpelCom and stated that it will explore all options to effect such divestiture. While we intend to cooperate with Telenor to ensure a successful divestiture of its stake, significant uncertainty exists surrounding the timing and manner of its announced divestiture, which could harm our business, financial condition, results of operations, cash flows and prospects.

On October 5, 2015, Telenor also announced that it will not convert its 305,000,000 VimpelCom voting preferred shares into VimpelCom common shares. If the preferred shares owned by Telenor are not converted by April 15, 2016, pursuant to the terms of VimpelCom's bye-laws, the preferred shares will be immediately redeemed by VimpelCom at a redemption price of US$0.001 per share and will cease to be outstanding, with the effect of potentially increasing the percentage of voting shares held by other shareholders and decreasing Telenor's percentage of voting shares. Some of our financing agreements (representing approximately US$1.4 billion in outstanding indebtedness) have "change of control" provisions that may require us to make a prepayment if a person or group of persons (with limited exclusions) acquire beneficial or legal ownership of or control over more than 50.0% of our share capital. If such a change of control provision is triggered and we fail to agree with lenders on the necessary amendments to the loan documentation and then fail to make any required prepayment, it could trigger cross-acceleration provisions of our other debt agreements, which could lead to our obligations being declared immediately due and payable. This could harm our business, financial condition, results of operations, cash flows and prospects. For more information, see Note 5 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

We may not be able to successfully implement our strategic priorities.

In August 2015, we announced the six strategic priority areas on which we intend to focus going forward. These comprise (i) new revenue streams, (ii) digital leadership, (iii) performance transformation, (iv) portfolio and asset optimization, (v) world class operations and (vi) structural improvements. Under these priority areas, we plan to streamline our business processes, digitalize our business model (which may include internal restructurings), improve customer experience and optimize our capital structure. However, there can be no assurance that our strategic priority areas will be successfully implemented and will not cause changes in our operational efficiencies or structure. In addition, the implementation of our strategic priorities could result in increased costs, conflicts with stakeholders, business interruptions and difficulty in recruiting and retaining key personnel, which could harm our business, financial condition, results of operations, cash flows and prospects. For more information on our strategic priority areas, see "Item 4—Information on the Company—Strategy."

We may be adversely impacted by work stoppages and other labor matters.

Although we consider our relations with our employees to be generally good, there can be no assurance that our operations will not be impacted by unionization efforts, strikes or other types of labor disputes or disruptions. For instance, the implementation of internal operational and team adjustments necessary to implement our performance transformation strategy could result in employee dissatisfaction. For example, in February 2016 we experienced labor disruptions in Bangladesh in connection with internal restructurings. We may also experience strikes or other labor disputes or disruptions in connection with social unrest or political events such as the nationwide strikes in Bangladesh during the first quarter of 2015. Furthermore, work stoppages or slow-downs experienced by our customers or suppliers could result in lower demand for our services and products. In the event that we, or one or more of our customers or suppliers, experience a labor dispute or disruption, it could result in increased costs, negative media attention and political controversy, and harm our business, financial condition, results of operations, cash flows and prospects.

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

Our 51.9% owned subsidiary in Egypt, GTH, 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 is, and may in the future be, subject 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 "—Legal and Regulatory Risks—We could be subject to tax claims that could harm our business" and Note 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Risks Related to the Industry

The telecommunications industry is highly capital intensive and requires substantial and ongoing expenditures of capital.

The telecommunications industry 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, cash flows and prospects. For more information on our 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. For instance, in the year ended December 31, 2015, over at least 88% of our customers in each of the jurisdictions in which we operate were prepaid customers. 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, pursuant to the contract terms and/or applicable legislation. 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, failure to accurately predict revenue could harm our business, financial condition, results of operations, cash flows and prospects.

We operate 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, cash flows and prospects:

- We cannot assure you that our revenue will grow in the future, as competition puts pressure on our 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, and we may be unable to deliver superior customer experience relative to our competitors, which may negatively impact our revenue and market share;
- 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 that provide similar services;
- The liberalization of the regulations in certain areas in which we operate could greatly increase competition;
- Competitors may operate more cost effectively or have other competitive advantages such as greater financial resources, market presence and network coverage, stronger brand name recognition, higher customer loyalty and goodwill and more control over domestic transmission lines;
- Competitors may reach customers more effectively through a better use of digital and physical distribution channels;
- Competitors, particularly current and 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;
- Competitors may partner with OTT players to provide integrated customer experiences, and we may be unable to implement offers, products and technology to support our commercial partnerships; and
- In markets where we do not have converged offerings, our existing service offerings could become disadvantaged as compared to those offered by converged competitors (who can offer combinations of fixed-line, broadband, public WiFi, TV and mobile).

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

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 or equipment 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.

Further, we operate or are considering developing third generation mobile technologies ("3G") networks or fourth generation/long term evolution mobile technologies ("4G/LTE") networks in markets in which we operate. 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 brand, business, financial condition, results of operations and prospects may be harmed in the event of cyber-attacks or severe systems and network failures leading to the loss of integrity and availability of our telecommunications services and/or leaks of confidential information, including customer information.

Our operations and business continuity depend on how well we protect and maintain our network equipment, information technology ("IT") systems and other assets. Due to the nature of the services we offer across our geographical footprint, we are exposed to cybersecurity threats that could negatively impact our business activities through service degradation, alteration or disruption. Cybersecurity threats could also lead to the compromise of our physical assets dedicated to processing or storing customer information, financial data and strategic business information, exposing this information to possible leakage and unauthorized dissemination. These events could result in reputational harm, lawsuits against us by customers or other third parties, violations of data protection laws, adverse actions by telecommunications regulators and other authorities, loss of revenue from business interruption, loss of market share and significant additional costs. In addition, the potential liabilities associated with these events could exceed the cyber insurance coverage we maintain.

Although we devote significant resources to the development and improvement of our IT and security systems, including the appointment of a Director of Cyber Security in 2015, we could still experience cyber-attacks and IT and network failures and outages, due to factors including:

- unauthorized access to customer and business information;
- accidental alteration or destruction of information during processing due to human errors;
- the spread of malicious software that compromises the confidentiality, integrity or availability of technology assets;
- alteration of technology assets caused, accidentally or voluntarily, by employees or third parties;
- accidental misuse of assets by users with possible degradation of both network services and available computing resources (e.g. denial-of-service);
- malfunction of technology assets or services caused by obsolescence, wear or defects in design or manufacturing;
- faults during standard or extraordinary maintenance procedures; and
- unforeseen absence of key personnel.

From time to time we have experienced cyber-attacks of varying degrees to gain access to our computer systems and networks. As of the date of this Annual Report on Form 20-F, we have suffered minor direct and indirect cybersecurity incidents, that have been promptly contained by the response teams, generating limited or negligible impacts. However, such attacks may be successful in the future and may develop over long periods of time during which they can remain undetected.

Furthermore, we are subject to data protection laws and regulations of state authorities regarding information security in jurisdictions in which we operate. For example, data protection laws and regulations in Russia establish two categories of information with corresponding levels of protection – state secret and other data (personal data of customers, correspondence privacy and information on rendered telecommunication services), and operators must implement the required level of data protection. Operators are directly liable for actions of third parties to whom they forward personal data for processing. If severe customer data security breaches are detected, regulatory authorities could sanction our company, including suspending our operations for some time and levying fines and penalties. Violation of data protection laws is a criminal offense in some countries, and individuals can be imprisoned or fined. Our failure to comply with data protection laws and regulations, and our inability to operate our fixed-line or wireless networks, as a result of cybersecurity threats may result in significant expense or loss of market shares. These events, individually or in the aggregate, could harm our brand, business, financial condition, results of operations and prospects.

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 our respective networks, or that originate from outside our respective networks and terminate on our respective networks. A significant increase in our interconnection costs, or decrease in our interconnection rates, 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, cash flows 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 or other technical or operational issues. We cannot be sure that our network system will not be the target of a virus or subject to other technical or operational issues, or, if it is, that we will be able to maintain the integrity of our customers' data or that a virus or other technical or operational issues will not disrupt 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 events, including natural disasters, military conflicts, power outages, terrorist acts, government shutdown orders, equipment or system failures, human error or intentional wrongdoings, such as breaches of our network or information technology security.

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 the majority of our network-related equipment from a small number of suppliers, principally Alcatel-Lucent, Ericsson, Huawei, Nokia Solutions and Networks, Sirti and ZTE Corporation although some of the equipment that we use is available from other suppliers. 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. From time to time, we have experienced delays in receiving equipment. In addition, our suppliers could become the subject of export restrictions or other sanctions that could limit or prevent our suppliers from providing certain equipment to us. For example, the U.S. Department of Commerce's Bureau of Industry and Security recently imposed restrictions on exports and reexports of U.S. products, software and technology to ZTE Corporation and three of its affiliates. 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, we entered into agreements with Mobile TeleSystems PJSC ("MTS") in late 2014 and PJSC MegaFon ("MegaFon") in late 2015 for the joint planning, development and operation of 4G/LTE networks in 36 regions of Russia and ten regions of Russia, respectively, and, in late 2015, we signed an amendment to the agreement with MTS to share 4G/LTE radiofrequencies in 20 of those 36 regions. In addition, in the first quarter of 2015, our wholly owned subsidiary, WIND Italy, sold 90% of the shares of its wholly owned towers subsidiary, Galata, to Cellnex, and WIND Italy has a tower services agreement with Galata for the provision of a broad range of services on the sites contributed to Galata by WIND Italy and the sites subsequently built by Galata hosting WIND Italy's equipment. Our business could be materially harmed if our agreements with these or other third parties were to terminate or if negative developments (financial, legal, regulatory or otherwise) regarding such parties, or a dispute between us and such parties, causes the parties to no longer be able to deliver the required services or otherwise fulfill 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 equipment used on our networks. In addition, many of our mobile products and services are sold to customers through third party channels. The third party retailers, agents 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, agents or dealers, we may face difficulty in finding new retailers, sales agents or dealers that can generate the same level of revenue. Any negative developments regarding the third parties on which we depend could materially harm our business, financial condition, results of operations, cash flows 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 and restrictions on the construction of towers or other infrastructure. 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. For example, our widely recognized logos, such as “Beeline” (Russia, Kazakhstan, Uzbekistan, Armenia, Tajikistan, Georgia, Laos and Kyrgyzstan), “Kyivstar” (Ukraine), “Djezzy” (Algeria), “Mobilink” (Pakistan) and “banglalink” (Bangladesh), have played an important role in building brand awareness for our services and products. 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 adverse litigation outcomes could harm our business, financial condition, results of operations, cash flows and prospects.

We depend on our senior management and 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, including the local management teams of our subsidiaries. In the markets in which we operate, competition for personnel with relevant expertise is intense. There is sometimes limited availability of individuals with the requisite knowledge of the telecommunications industry, the relevant experience and, in the case of expatriates, the ability or willingness to accept work assignments in certain of these jurisdictions. The loss of any key personnel or an inability to attract, train, retain and motivate qualified members of senior management or key personnel could have an adverse impact on our ability to implement new business models and could harm our business, financial condition, results of operations, cash flows 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 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, Algeria, Ukraine, Kazakhstan, Tajikistan, Armenia, Uzbekistan, Kyrgyzstan and Pakistan. As we expand certain areas of our business and provide new services, such as mobile financial services ("MFS"), we may be subject to additional laws and regulations.

Certain regulations may require us to reduce roaming prices and mobile and/or fixed-line termination rates, 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. For example, a proposed regulation in the European Union may abolish end-user roaming charges in the European Union, and other jurisdictions in which we operate (including Russia, Kazakhstan, Kyrgyzstan and Armenia) are considering the regulation of roaming prices, which could negatively impact our roaming margins.

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.

Adverse regulations or regulatory actions could place significant competitive and pricing pressure on our operations, could result in fines or other penalties and could harm our business, financial condition, results of operations, cash flows and prospects. 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 Notes 24 and 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. 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, cash flows 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 harm our business, financial condition, results of operations, cash flows and prospects. Investigations of any actual or alleged violations of such laws or policies related to us could harm our business, financial condition, results of operations, cash flows and prospects.

Please see also "Risks Related to Our Business—We are subject to a DPA with the DOJ, a Consent with the SEC, and a settlement agreement with the OM. The agreements with the DOJ and the SEC require us to retain, at our own expense, an independent compliance monitor, and the DPA and the agreement with the OM require us to continue to cooperate with the agencies regarding their investigations of other parties. We will incur costs in connection with these obligations, which may be significant", "—If we commit a breach of the DPA, we may be subject to criminal prosecution. Such criminal prosecution could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects" and "—We may face other potentially negative consequences relating to the investigations by, and agreements with, the DOJ, SEC and OM, including additional investigations and litigation."

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

We may be exposed to fraud or other misconduct committed by our employees, joint venture partners, representatives, agents, suppliers, customers 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. The risk of liability for fraud and other misconduct could increase as we expand certain areas of our business, such as MFS, which requires us to hold customer funds in e-accounts.

We regularly review and update our policies and procedures and internal controls which are primarily designed 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, customers 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, customers or other third parties.

New or proposed changes to laws or new interpretations of existing 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 changes 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 Pakistan, new regulations and draft laws have been proposed that could separately (i) require any mobile operator with over a 25% market share, such as our Pakistan subsidiary, to seek Pakistan Telecommunication Authority approval before changing its tariffs; and (ii) introduce obligations on telecommunications operators requiring them to upgrade systems and security as well as maintain backups and retain mobile data for a sufficient period of time as well as allow for real time recording of data for extended periods.

Following various terrorist attacks, the Government of Pakistan introduced Standard Operating Procedures ("SOP") requiring all mobile operators to re-verify their entire prepaid unverified customer base through biometric verification. For our Pakistan subsidiary, this involved the re-verification of more than 38 million SIM cards, and SIM cards that could not be verified had to be blocked by the operators. As a result of the re-verification, our Pakistan subsidiary lost customers and retained 87% of its subscriber base. In Bangladesh, the regulator initiated similar SIM re-verification requirements to be completed between January 2016 and April 2016, as well as new SIM registration requirements with biometric verification starting from December 2015.

Such requirements could result in customer losses and claims from legitimate customers that are incorrectly blocked, as well as fines, license suspensions and other liabilities for failure to comply with the requirements. To the extent re-verification and/or new verification requirements are imposed in the jurisdictions in which we operate, it could have an adverse impact on our business, financial condition, results of operations and prospects.

In addition, certain jurisdictions in which we operate, including Russia (in 2014) and Kazakhstan (in 2015), have adopted data processing laws, which prohibit the collection and storage of personal data on servers located outside of the respective jurisdictions. Violation of these laws by an operator may lead to a seizure of the operator's database and equipment and/or a ban on the processing of personal data by such operator, which, in turn, could lead to the inability to provide services to customers. See "—Risks Related to the Industry—Our brand, business, financial condition, results of operations and prospects may be harmed in the event of cyber-attacks or severe systems and network failures leading to the loss of integrity and availability of our telecommunications services and/or leaks of confidential information, including customer information."

In Ukraine, a law titled "On electronic communications" is expected to be adopted in 2016 to, among other things, increase the authority of the national regulatory authority to analyze communication services markets to determine significant market power operators. The draft legislation also includes a new list of regulatory restrictions for significant market power operators, including controls on wholesale and retail tariffs and infrastructure sharing.

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 are unable to pass on this expense to customers. These taxes could have an adverse impact on our business, financial condition, results of operations and prospects in Pakistan and on our group.

In certain jurisdictions in which we operate, the relevant regulators set mobile termination rates ("MTRs"). If any such regulator set MTRs that are lower for us than the MTRs of our competitors, our interconnect costs may be higher and our interconnect revenues may be lower, relative to our competitors. In Algeria, for example, the MTRs set by the regulator are significantly lower for OTA than for our competitors. For a discussion of developments in the regulation of MTRs, and other important government regulations impacting our business, see Exhibit 99.2—Regulation of Telecommunications.

In addition, we are subject to certain sanctions and embargo laws and regulations of the United Nations, European Union, and certain other jurisdictions in connection with our activities and such laws and regulations may be expanded or amended from time to time in a manner that could materially adversely affect our business, financial condition, results of operations, cash flows and prospects. There can be no assurance that, notwithstanding our compliance safeguards, we will not be found in the future to have been in violation of applicable sanctions and embargo laws, particularly as the scope of such laws may be unclear and subject to discretionary interpretations by regulators, which may change over time. Moreover, certain of our financing arrangements include representations and covenants requiring compliance with or limitation of activities under sanctions laws of additional jurisdictions enumerated in the financing arrangements, as well as mandatory prepayment requirements in the event of a breach thereof. See "—Risks Related to Our Business—Substantial amounts of indebtedness and debt service obligations could materially decrease our cash flow, adversely affect our business and financial condition and prevent us from raising additional capital."

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. Such regulatory actions could adversely impact our ability to carry out divestitures in the relevant jurisdictions.

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, cash flows and 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 Algeria Segment," "—Description of Operations of the Pakistan Segment," "—Description of Operations of the Bangladesh Segment," "—Description of Operations of the Ukraine Segment," "—Description of Operations of the Kazakhstan Segment," "—Description of Operations of the Uzbekistan Segment," "—Description of Operations in HQ and Others" and "—Description of Operations of the Italy Business Unit."

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

The success of our operations is dependent on the maintenance of our licenses to provide telecommunications services in the jurisdictions in which we operate. Most of our licenses are granted for specified terms, and there can be no assurance that any license will be renewed upon expiration. All of the Russian telecommunication licenses up for renewal in 2015 have been successfully renewed, as well as all other material licenses for our operations. However, some of our licenses will expire in the near term, including certain licenses in Russia, Algeria, Uzbekistan and Kyrgyzstan, which are due for renewal in 2016. These licenses are also subject to ongoing review by the relevant regulatory authorities. 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. Furthermore, the governments in certain jurisdictions in which we operate may hold auctions (including auctions for 4G spectrum) in the future. If we are unable to maintain or obtain licenses for provision of telecommunications services or if our licenses are not renewed or are renewed on less favorable terms, our business and results of operations could be materially harmed. See also "Risks Related to Our Business—We may face other potentially negative consequences relating to the investigations by, and agreements with, the DOJ, SEC and OM, including additional investigations and litigation." For more information about spectrum allocations and 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."

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

To establish and commercially launch mobile telecommunications networks, we need to receive frequency allocations for bandwidths within the frequency spectrums in the regions in which we operate. There are 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, cash flows 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, as well as allotted frequency bands for different mobile communications technologies, 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, cash flows 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, which could harm our business, financial condition, results of operations, cash flows 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 “Item 4—Information on the Company—Legal Proceedings” and Notes 24 and 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) could harm our business, financial condition, results of operations, cash flows 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, Kyrgyzstan and Tajikistan. These claims have resulted, and future claims may result, in additional payments, including fines and penalties, to the tax authorities.

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. For more information regarding tax claims, and their effects on our financial statements, see "Item 4—Information on the Company—Legal Proceedings" and Notes 24 and 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

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.

For example, significant tax reforms were implemented in Ukraine in 2015. The tax reforms, in part, changed the mechanism for the calculation of corporate profit tax and required the use and registration of electronic VAT invoices, and we may face fines for failure to comply with the new rules. In addition, a new tax law in Uzbekistan became effective on January 1, 2016, pursuant to which mobile telecommunications companies are subject to income tax rates based on profitability levels (7.5% tax for profitability levels up to 20%, and 50% tax for profitability levels exceeding 20%). In Bangladesh, a 3% supplementary duty was imposed on mobile usage from July 2015, and a 1% surcharge was implemented on mobile services from March 9, 2016. Such changes could have an adverse impact on our business, financial condition, results of operations or cash flows in these countries and on our group.

The introduction of 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 also 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, cash flows 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, cash flows 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 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.

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. The amount of unused interest expense deduction may be carried forward to future years. Based on these rules, 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 WIND Italy's and VimpelCom's business, financial condition, results of operations, cash flows and prospects.

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 and delays in implementing our operating or business plans; and
- a more challenging operating environment.

If we are found to be involved in practices that do not comply with applicable laws or regulations, we may be exposed to significant fines, the risk of prosecution or the suspension or loss of our licenses, frequency allocations, authorizations or various permissions, any of which could harm our business, financial condition, results of operations, cash flows and prospects.

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. Our subsidiary PJSC VimpelCom is deemed to be a strategic enterprise under the Russian Foreign Investment Law. As a result, 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 PJSC 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 Government Commission on Control of Foreign Investment in the Russian Federation, or 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 the FAS, which could materially harm our business, financial condition, results of operations, cash flows 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. 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 relatively low levels. 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 and low oil prices continue to pose potentially significant macroeconomic risks to our group.

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, have negatively impacted and continue to have an adverse effect on the Russian economy and economic outlook and may also negatively impact our ability to raise external financing, particularly if the sanctions are broadened. 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 strategies. 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, cash flows and prospects.

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, cash flows and prospects.

Deterioration of 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, cash flows 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 Russia and Ukraine.

The current situation in Russia and Ukraine, and the related responses of the United States, member states of the European Union, the European Union itself and certain other nations, have the potential to materially adversely affect our business in Russia and Ukraine where we have significant operations, which in turn could materially harm our financial condition, results of operations, cash flows and prospects.

In connection with the situation in Russia and Ukraine, the United States, the European Union and a number of countries have imposed (i) sanctions that block the property of certain designated businesses, organizations and individuals, (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. The U.S. and EU sanctions (including the sectoral sanctions) apply to entities owned and/or controlled by sanctions designated entities and individuals and, accordingly, may extend beyond Russia and Ukraine. In addition, the United States and the European Union have implemented certain export control restrictions related to Russia's energy sector and military capabilities. Ukraine has also enacted sanctions with respect to certain Russian entities and individuals. Russia has responded with countermeasures to such international and Ukrainian restrictions and sanctions, currently including limiting the import of certain goods from the United States, the European Union, Ukraine and other countries, imposing visa bans on certain persons, and imposing restrictions on the ability of Russian companies to comply with sanctions imposed by other countries. Russia recently announced sanctions against Turkey in response to an incident involving Russian and Turkish military aircraft in November 2015, including imposing a ban on Russian companies hiring Turkish workers and the imposition of visa requirements, as of January 1, 2016. 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, Ukraine, Russia, and/or other countries, could materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

Ukraine has assigned a "temporary occupied territories" status to Crimea and an "anti-terrorist operation zone" status to certain Eastern Ukraine regions which are currently not under the Ukrainian government's control, and has imposed certain restrictions and prohibitions on trade in goods and services in such territories. Kyivstar shut down its network in Crimea in 2014 as well as its network in certain parts of Eastern Ukraine in

2015 and, in each case, has written off the relevant assets. Under terms of its telecommunications licenses, Kyivstar is obliged to provide services throughout Ukraine. Kyivstar has notified the regulatory authorities that Kyivstar has stopped providing services in these areas and has requested clarification from such authorities regarding telecommunications operations in such areas. Since September 2014, legislation has been in effect in Ukraine that authorizes the cancellation of telecommunications licenses for sanctioned parties. There can be no assurance that the escalation of the current situation will not lead to the cancellation or suspension of, or other actions under, certain or all of our Ukrainian telecommunications licenses, or other sanctions, which could have a material adverse effect on our business in Ukraine, which in turn could harm our business, financial condition, results of operations, cash flows and prospects.

The situation in Crimea and Eastern Ukraine has resulted, and may in the future result, in damage or loss of assets, disruption of services, and regulatory issues which has, and may in the future, adversely impact our group. In addition, if there were an extended continuation or further increase in conflict in Crimea, Eastern 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 and/or in the global capital markets generally, which could adversely impact our group. Moreover, the instability in Crimea and Eastern Ukraine specifically, and in the region more generally, economic sanctions and related measures, and other geopolitical developments (including with respect to the current conflict and international interventions in Syria) could harm our business, financial condition, results of operations, cash flows and prospects. In particular, we could be materially adversely impacted by a continued decline of the Russian ruble against the U.S. dollar or the Euro 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 are often complex and have resulted, and may in the future result, in conflicts, which could materially harm our business, financial condition, results of operations, cash flows and prospects. 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.

Further, the nature of much of the legislation in emerging markets, the lack of consensus about the scope, content and pace of economic and political reform and the rapid evolution of the legal systems in emerging markets, place the enforceability and, possibly, the constitutionality of, laws and regulations in doubt and result in ambiguities, inconsistencies and anomalies. The legislation often contemplates implementing regulations that have not yet been promulgated, leaving substantial gaps in the regulatory infrastructure. Any of these factors could affect our ability to enforce our rights under our licenses or our contracts, or to defend our company against claims by other parties.

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 2015, our subsidiary in Pakistan was ordered to shut down parts of its mobile network and services on a regular basis due to the security situation in the country. In addition, our subsidiary in Ukraine shut down its network in Crimea in 2014 as well as its network in

certain parts of Eastern Ukraine in 2015. Governments or other factions, including those asserting authority over specific territories in areas of conflict, could make inappropriate use of the network, attempt to compel us to operate our network in conflict zones or disputed territories and/or force us to broadcast propaganda or illegal instructions to our customers or others (or face consequences for failure to do so). Forced shutdowns, inappropriate use of our network and/or compelling us to operate our network and/or broadcast propaganda or illegal instructions could materially harm our business, financial condition, results of operations, cash flows 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.

Social instability in the countries in which 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, financial condition, results of operations, cash flows and prospects.

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 we 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. Such banking risk cannot be completely eliminated by diversified borrowing and conducting credit analyses. 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 exchange controls or other currency restrictions, which could prevent us from making payments, including the repatriation of dividends and payments to third party suppliers. For example, in Pakistan, foreign currency financing agreements must be registered with the State Bank of Pakistan, and if there is a default, any default interest payment may require regulatory approval. In Bangladesh, strict foreign exchange regulations require regulatory approval before a company can engage in certain foreign exchange transactions. In Ukraine, our subsidiary Kyivstar cannot expatriate dividends to VimpelCom because of restrictions imposed by the National Bank of Ukraine to regulate money, credit and currency in Ukraine. For more information about currency restrictions in our countries of operations, see "Risks Related to Our Business—We are exposed to foreign currency exchange loss and currency fluctuation and convertibility risks." Furthermore, local banks have limitations on the amounts of loans that they can provide to single borrowers, which could limit the availability of local currency financing in these countries. There can be no assurance that we will be able to obtain approvals under the foregoing restrictions or limitations, each of which could harm our business, financial condition, cash flows, results of operations and prospects.

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. See "—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" for more information about Telenor's announcement on October 5, 2015 that it will not convert its VimpelCom preferred shares.

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—Consolidated Statements and Other 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 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, VimpelCom's shareholders 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 an international communications and technology company committed to bringing the digital world to each and every customer. Currently, the company provides voice and data services through a range of traditional and broadband mobile and fixed-line technologies and operates in Russia, Algeria, Pakistan, Bangladesh, Ukraine, Kazakhstan, Uzbekistan, Kyrgyzstan, Armenia, Tajikistan, Georgia, Laos, Zimbabwe and Italy. The operations of the VimpelCom Group covered a territory with a total population of approximately 732 million as of December 31, 2015. We provide services under the "Beeline," "Kyivstar," "banglalink," "Mobilink," "Djezzy" and "WIND" brands. As of December 31, 2015, we had 217.4 million mobile customers (on a combined basis, including Italy) and 59,125 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, as amended (the "Companies Act"), 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 PJSC "Vimpel-Communications" (formerly OJSC "Vimpel-Communications") 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 Commonwealth of Independent States ("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 PJSC VimpelCom became the first Russian company since 1903 to list shares on the New York Stock Exchange.
- Telenor, Norway's leading telecommunications company became a strategic partner in PJSC 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 (2006) and Armenia (2006).
- In 2009 and 2010, Telenor ASA, the parent company of the Telenor Group, and Altimo Holdings & Investments Ltd. combined their ownership of PJSC VimpelCom and Ukrainian mobile operator Kyivstar under a new company called VimpelCom Ltd. 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 Select Market from the New York Stock Exchange.
- On January 30, 2015, VimpelCom completed the sale by its subsidiary GTH of a non-controlling 51% interest in OTA to the FNI in Algeria (see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Algeria Transaction and Settlement").
- In 2015, VimpelCom launched a new strategic framework to transform its business models in order to embrace the opportunities of the digital age. See "—Strategy."
- On August 6, 2015, VimpelCom and its subsidiary VimpelCom Amsterdam B.V. entered into an agreement with Hutchison, which owns indirectly 100% of Italian mobile operator 3 Italia, to form an equal joint venture holding company that will own and operate our telecommunications businesses in Italy (see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Italy Joint Venture" and Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F). Completion of the transaction is subject to the satisfaction or waiver of certain conditions precedent, including obtaining regulatory approvals, and is expected to occur around the end of 2016. WIND Italy and 3 Italia will continue to operate separately pending completion.

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

During 2015 and the beginning of 2016, 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;
- Jeremy Roffe-Vidal as Group Chief Human Resources Officer;
- Christopher Schlaeffer as Chief Digital Officer;
- Jon Eddy as Head of Emerging Markets;
- Alexander Matuschka as Group Chief Performance Officer;
- Rozzyn Boy as Chief Communications and Brand Officer;
- Stephen Collins as Group Chief Corporate and Regulatory Officer;
- Erik Aas as Head of Bangladesh;
- Dmitriy Shukov as Head of Uzbekistan;
- Oleksandr Komarov as Head of Kazakhstan; and
- Yernar Nakisbekov as Head of Kyrgyzstan.

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. In the third quarter of 2015, we adopted a new regional structure, consisting of four strategic regions. Accordingly, our reporting structure is divided into the four following business units, all of which report to our headquarters in Amsterdam:

- Russia;
- Emerging Markets (which includes our operations in Algeria, Pakistan and Bangladesh);
- Eurasia (which includes our operations in Ukraine, Kazakhstan, Uzbekistan, Kyrgyzstan, Armenia, Tajikistan and Georgia); and
- Italy.

Notwithstanding the foregoing, in accordance with accounting rules, we disclose eight reportable segments, based on economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. On January 1, 2015, management decided to separately present certain operating units as separate reportable segments to enhance understanding of the business and better reflect the actual structure of the VimpelCom Group. Accordingly, our reportable segments consist of the eight following segments:

- Russia;
- Algeria;
- Pakistan (which was split out of the former "Africa & Asia" reportable segment);

- Bangladesh (which was split out of the former “Africa & Asia” reportable segment);
- Ukraine;
- Kazakhstan (which was split out of the former “CIS” reportable segment);
- Uzbekistan (which was split out of the former “CIS” reportable segment); and
- HQ and Others (which includes our operations in Kyrgyzstan, Armenia, Tajikistan, Georgia and Laos, as well as certain internal adjustments. Prior to January 1, 2015, the results of our operations in Kyrgyzstan, Armenia, Tajikistan and Georgia were included in the former “CIS” reportable segment, and the results of our operations in Laos were included in the former “Africa & Asia” reportable segment).

Italy is no longer a reportable segment subsequent to its classification as an asset held for sale and discontinued operation following the signing of an agreement with CK Hutchison Holdings Ltd. to combine the company’s operations in Italy with 3 Italia in an equal joint venture. However, financial and operational information for Italy is included in this Annual Report on Form 20-F because completion of the Joint Venture in Italy has not occurred and operations in Italy is a significant part of our business. For more information please see Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

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 15, 2016. Unless 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)
PJSC VimpelCom	Russia	100%(6)
“Kyivstar” JSC	Ukraine	100%(7)
LLP “KaR-Tel”	Kazakhstan	75.0%(8)
LLP “2 Day Telecom”	Kazakhstan	59%(9)
LLP “TNS-Plus”	Kazakhstan	49%(10)
LLC “Tacom”	Tajikistan	98.0%(11)
LLC “Unitel”	Uzbekistan	100%(12)
LLC “Mobitel”	Georgia	80.0%(13)
CJSC “ArmenTel”	Armenia	100%(14)
LLC “Sky Mobile”	Kyrgyzstan	50.1%(15)
VimpelCom Lao Co. Ltd.	Lao PDR	78.0%(16)
Weather Capital S.à r.l.	Luxembourg	100%(17)
Weather Capital Special Purpose 1 S.A.	Luxembourg	100%(18)
Global Telecom Holding S.A.E.	Egypt	51.9%(19)
Omnium Telecom Algeria S.p.A.	Algeria	23.7%(20)
Optimum Telecom Algeria S.p.A.	Algeria	23.7%(21)
Pakistan Mobile Communications Limited	Pakistan	51.9%(22)
Banglalink Digital Communications Limited	Bangladesh	51.9%(23)

(1) VimpelCom Amsterdam B.V. holds 100% directly.

(2) VimpelCom Amsterdam B.V. holds 92.24% directly. Wind Telecom S.p.A. holds 7.76% of its own shares.
(3) Wind Telecom S.p.A. holds 100% directly.
(4) WIND Acquisition Holdings Finance S.p.A. owns 100% directly. Upon completion of the Italy Joint Venture, Weather Capital S.à.r.l. will own a 50% interest through a joint venture holding company. See "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Italy Joint Venture."
(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 0.01% directly and VimpelCom Holdings B.V. holds 73.80% indirectly. Kyivstar holds 26.19% of its own shares.
(8) PJSC VimpelCom holds 75.0% indirectly through a wholly owned Dutch/Luxembourg holding company and a Swiss holding company.
(9) PJSC VimpelCom holds 59% indirectly through a number of subsidiaries.
(10) VimpelCom Holdings B.V. holds 49% indirectly through wholly owned Dutch and Kazakh holding companies.
(11) VimpelCom Holdings B.V. holds 98.0% indirectly through a wholly owned Swiss holding company.
(12) PJSC VimpelCom holds 100% indirectly through wholly owned Dutch and BVI holding companies.
(13) VimpelCom Holdings B.V. holds 80.0% indirectly through a number of wholly owned subsidiaries.
(14) PJSC VimpelCom owns 100% directly.
(15) PJSC VimpelCom holds 50.1% indirectly through a wholly owned Dutch/Luxembourg holding company and Swiss and Cypriot holding companies.
(16) PJSC VimpelCom holds 78.0% indirectly through two wholly owned Dutch and Dutch/Luxembourg holding companies.
(17) VimpelCom Holdings B.V. owns 100% directly.
(18) Weather Capital S.à r.l. owns 100% directly.
(19) 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.
(20) Global Telecom Holding S.A.E. holds a controlling interest of 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."
(21) Omnium Telecom Algeria S.p.A. holds 99.99% directly. See "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Algeria Transaction and Settlement."
(22) Global Telecom Holding S.A.E. holds 100% of Pakistan Mobile Communications Limited ("PMCL") indirectly through two wholly owned Maltese subsidiaries. WTPL and Bank Alfalah together will acquire approximately 15% of the shares of PMCL (reducing Global Telecom Holding S.A.E.'s indirect holding to approximately 85%) in exchange for the acquisition of 100% of the shares of Warid by PMCL and Warid will be subsequently merged into PMCL. See "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Pakistan Merger."
(23) Global Telecom Holding S.A.E. holds 99.99% indirectly through a wholly owned 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 prepaid and postpaid subscriptions as of December 31, 2015.

Mobile Service Description	Russia	Algeria	Pakistan	Bangladesh	Ukraine	Kazakhstan	Uzbekistan	Other Countries	Italy
Mobile telecommunications services under contract and prepaid plans for both corporate and consumer segments	*Prepaid 90.7%* *Postpaid 9.3%*	*Prepaid 92.6%* *Postpaid(3) 7.4%*	*Prepaid 98.1%* *Postpaid 1.9%*	*Prepaid 93.6%* *Postpaid 6.4%*	*Prepaid 90.6%* *Postpaid 9.4%*	*Prepaid 89.7%* *Postpaid 10.3%*	*Prepaid 98.3%* *Postpaid 1.7%*	*Prepaid —(4)* *Postpaid —(4)*	*Prepaid 92.6%* *Postpaid 7.4%*
Value added and call completion services(1)	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes(4)*	*Yes*
National and international roaming services(2)	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes(4)*	*Yes*
Wireless Internet access	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes(4)*	*Yes*
Mobile financial services	*Yes*	*No*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*No*	*No*
Mobile bundles	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes(4)*	*Yes*

(1) Value added services include messaging services, content/infotainment services, data access 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.

(3) Includes postpaid and hybrid (monthly fee with recharge possibility) customers.
(4) For a breakdown of prepaid and postpaid subscriptions and a description of the mobile services we offer in Kyrgyzstan, Armenia, Tajikistan and Georgia, see "—Description of Operations in HQ and Others—Mobile Business in HQ and Others—Description of Mobile Services in HQ and Others."

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, Kazakhstan and Uzbekistan. In Italy, we also use local loop unbundling ("LLU"), which allows us to use connections from Telecom Italia's local exchanges to the customers' premises.

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

In Italy, our fixed-line business uses an integrated network infrastructure with over 22,300 kilometers of fiber optic cable backbone and 1,636 LLU sites for direct customer connections.

Our fixed-line business in Pakistan includes internet and value added services ("VAS") over a wide range of access media, covering major cities of Pakistan. In Armenia, our fixed-line business offers a wide range of services, including PSTN-fixed and IP telephony, internet, data transmission and network access, domestic and international voice termination and TCP/IP international transit, over our national networks. In addition, for international mobile operators, we provide voice call termination to our network in Georgia.

We do not offer fixed-line services in Algeria, Bangladesh, Kyrgyzstan, Tajikistan or Laos.

Fixed-Line Service Description	Russia	Algeria	Pakistan	Bangladesh	Ukraine	Kazakhstan	Uzbekistan	Other Countries	Italy
Business and Corporate Services, providing a wide range of telecommunications and information technology and data center services to companies and high-end residential buildings	*Yes*	*No*	*Yes*	*No*	*No*	*Yes*	*Yes*	*Yes*[(1)]	*Yes*
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: • *generating revenue by providing a specific range of telecommunications services to other mobile and fixed-line operators and ISPs in Russia and worldwide; and* • *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*	*Yes*	*No*	*Yes*	*No*	*No*	*No*	*No*	*No*	*Yes*
Consumer Internet Services, which provide fixed-line telephony, internet access and home phone services (on a VoIP and copper wire basis)	*Yes*	*No*	*Yes*	*No*	*No*	*Yes*	*Yes*	*Yes*[(1)]	*Yes*
Consumer Voice Offerings	*Yes*	*No*	*No*	*No*	*No*	*Yes*	*Yes*	*Yes*[(1)]	*Yes*
Corporate Voice Offerings, which provide fixed-line voice services, data services, VAS and connectivity services to corporate customers, including large corporate customers, small and medium enterprises (or "SMEs") and small office/ home offices (or "SOHOs")	*Yes*	*No*	*Yes*	*No*	*Yes*	*Yes*	*Yes*	*Yes*[(1)]	*Yes*
Internet and Data Services, which provide internet and data transmission services to both consumer and corporate customers	*Yes*	*No*	*Yes*	*No*	*Yes*	*Yes*	*Yes*	*Yes*[(1)]	*Yes*

(1) For a description of the fixed-line services we offer in Armenia and Georgia, see "—Description of Operations in HQ and Others—Fixed-line Business in HQ and Others."

For a description of our operations in each of our eight reportable segments in addition to the Italy business unit, see the sections entitled "—Description of Operations of the Russia Segment," "—Description of Operations of the Algeria Segment," "—Description of Operations of the Pakistan Segment," "—Description of Operations of the Bangladesh Segment," "—Description of Operations of the Ukraine Segment," "—Description of Operations of the Kazakhstan Segment," "—Description of Operations of the Uzbekistan Segment," "—Description of Operations in HQ and Others" and "—Description of Operations of the Italy Business Unit."

Strategy

In August 2015, we announced the six strategic priority areas on which we intend to focus going forward. These comprise (i) new revenue streams, (ii) digital leadership, (iii) performance transformation, (iv) portfolio and asset optimization, (v) world class operations and (vi) structural improvements. In creating these six priority areas, we have reflected the major trends facing the telecommunications industry including cost and pricing pressures, the rapid migration to data, the need to capture and monetize new revenue streams and the requirement to be flexible and agile in an increasingly digital world. We plan to implement these strategies as set forth below.

New revenue streams: Capitalize on new revenue streams created by data growth, fixed-mobile convergence and B2B opportunities.

The move toward a data-centric world is the single biggest industry change away from the traditional voice-heavy model. We are investing in our 3G and 4G/LTE networks to provide high speed services to our customers and support the continued strong growth of mobile data traffic. Key factors for success over the next few years for any telecommunications operator will be to better manage mobile data pricing and to monetize the growth in mobile data traffic. Therefore, we strive 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 maintain and ultimately grow ARPU. Mobile data offerings are already becoming a significant decision factor for certain customer segments, and we expect this trend to continue.

We believe that our customers have an increasing demand for seamless mobile and fixed-line services as they switch between devices and locations. With significant broadband infrastructure currently in place in five key markets (Russia, Ukraine, Italy, Kazakhstan and Armenia), we believe that we are well-positioned to capitalize on this convergence. Having launched convergent household bundles in Italy and having achieved increased retention and revenues as a result, we plan to continue to drive fixed mobile convergence adoption in other markets, launching integrated triple play and quadruple play bundles while smartly expanding our fixed footprint.

We also believe that there is significant business to business ("B2B") growth potential in all of our markets, particularly with respect to small and medium enterprises interested in a variety of products like mobile and fixed convergence and big data management. By tapping into underserved customer segments, extending offerings and improving service quality, we plan to turn B2B into a major growth engine, unlocking opportunities across our segments.

Digital leadership: Offer innovative services and products and provide the best "value-for-money" data product portfolio, while staying highly price-competitive, in order to help ensure that VimpelCom is the natural choice for customers in a data-centric world.

We plan to achieve a digital leadership position in our markets by aiming to transform our telecommunications model and radically digitalizing the customer journey, providing a seamless omni-channel experience to customers across their needs. Full digitalization of the customer journey will allow us to drastically simplify the service model while offering the convenience of 24/7 digital services. In order to achieve this, we have begun building a rich ecosystem of digital touchpoints and state of the art tools enabling automated and accurate customer care interactions. We are undertaking a significant digitalization of our back-end processes

and systems, including new, agile business support systems and operations support systems to support this transformation. Mobile financial services are an important service we offer, as we are active in countries with underdeveloped banking systems. In addition, we are exploring options to offer television and video services in all of our markets, as we are already doing in Russia with our Internet Protocol television ("IPTV") offerings.

From the technology perspective, we have critically revisited our entire IT landscape. A large-scale transformation project has been launched, with the objective of enabling new capabilities such as omni-channel customer service, flexible product bundling and more real-time customer engagement.

Performance transformation: Increase efficiency with a new operating model.

The objective of our performance transformation is to build a new global organizational operating model that will bring together all our operating companies and our HQ to truly operate as one group. We plan to achieve this by creating global and regional synergies for transactional services, consolidating our global expertise, and rethinking and improving the way we manage our networks and customer service. By streamlining business processes such as supply chain and procurement, and by making them truly global, we believe that we will be better placed to capture economies of scale. Our new business model is equipped with strong capabilities to drive profitability in order to function as a value creation engine for the future, which should enable us to considerably reduce our cost base. The freed-up funds will be the base for what we plan to be a major investment program, with the goal of reinventing VimpelCom as the most streamlined digital operator in the world.

Portfolio and asset optimization: Consolidate and rationalize telecommunications portfolio through in-market consolidation, monetization of tower portfolio, network sharing and disposal of non-core assets.

Today many of our markets are fragmented and may undergo a wave of consolidation. Being number one or a strong number two in a market makes a substantial difference and, to a certain extent, determines profitability. Therefore, in order to reinforce our strategic position, we intend to focus on our existing footprint, with selective in-country consolidation by acquiring either mobile and/or fixed broadband assets. To complement this strategy, we have disposed of certain non-core assets in Cambodia, Vietnam, Burundi, Canada, the Central African Republic and are in the process of selling our operation in Zimbabwe. We carefully scrutinize any investment in our legacy infrastructure that does not also support our data business, while aiming to ensure that we remain able to deliver a set of core traditional telephone services that fully meet customer expectations. We have made, and intend to make in the future, selective moves to a more asset light network model with strategic network sharing partnerships and acceleration of monetization of our tower portfolio. Our implementation of our portfolio and asset optimization in 2015 included:

Algeria transaction

In January 2015, we closed the sale by GTH of a non-controlling 51% interest in OTA, which operates under the brand name Djezzy, to the FNI (the "Algeria Transaction"). The partnership with the FNI strengthened Djezzy's position and prospects, with greater opportunities for our operations in Algeria. The closing of the Algeria Transaction also enabled us to commence a transformation program in Djezzy. See "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Algeria Transaction and Settlement" for more information.

Italy tower sale

In March 2015, we successfully completed the sale by WIND Italy of 90% of the shares of Galata, a towers business owning 7,377 towers in Italy, for approximately US$770 million. At the same time WIND Italy entered into 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. See "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Network and Tower Sharing Agreements" for more information.

Russian network sharing

In December 2015, we signed an amendment to an agreement with MTS to share 4G/LTE radiofrequencies in 20 regions of Russia, and we entered into an agreement with MegaFon for joint planning, development and operation of 4G/LTE networks in ten regions of Russia. See "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Network and Tower Sharing Agreements" for more information.

Italy Joint Venture

In August 2015, we entered into an agreement with Hutchison, which owns indirectly 100% of Italian mobile operator 3 Italia, to form an equal joint venture holding company that will own and operate our telecommunications businesses in Italy. The joint business of WIND Italy and 3 Italia is expected to have over 31 million mobile customers and the strength and scale to drive competition in Europe's fourth largest telecoms market. See "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Italy Joint Venture" for more information.

Pakistan Merger

In November 2015, we entered into an agreement with WTPL, the parent company and majority shareholder of Warid, and Bank Alfalah Limited to merge our telecommunications businesses in Pakistan. The combined business of PMCL and Warid is expected to have around 10,000 towers and serve over 45 million customers. See "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Pakistan Merger" for more information.

Zimbabwe disposal

In November 2015, we entered into an agreement with ZARNet (Private) Limited ("ZARNet") to sell our indirect equity stake in Telecel Zimbabwe (Private) Limited. The transfer of ownership to ZARNet is subject to the satisfaction of customary closing conditions.

World class operations: Create a superior customer experience, optimize distribution and develop superior pricing capabilities, while continuously upgrading networks.

We are undertaking a systematic effort, involving dedicated analytics and research, to continuously optimize customer experience and drive superior pricing through integrated mobile bundles that combine traditional voice with SMS and, most importantly, data. We believe that these measures will provide value to our customers while at the same time protecting our revenue stream from cannibalization among various services, such as SMS and instant messaging. In order to optimize our distribution, we focus on what we believe to be the most efficient channels in each market. We expect these actions to reduce churn and significantly reduce our retention and commercial costs, while maintaining and strengthening our position as a market leader in Net Promoter Score ("NPS").

In order to deliver on our goal of being a world class operator, we have focused and will continue to focus on building a solid and experienced management team. In 2015, our executive team was rebuilt, and 75% of our executives are new to the company, but not to the industry or their respective fields of expertise. Through the changes to our executive team and wider managerial changes in our group, we have laid a strong foundation to help us manage the challenges ahead. One focus of the team is to further strengthen a culture of ethical behavior with a zero tolerance approach to unethical conduct.

Structural improvements: Optimize capital structure.

Although important steps have been taken over the past two years to address our capital structure, we plan to make further structural improvements. This will remain a focal point going forward.

In 2014 and 2015, we refinanced a total of US$26 billion in debt, reducing our cost of debt to 6.3% in 2015 (from 8.2% in 2014) and substantially extending our debt maturity schedule. Also in 2014, we secured a revolving credit facility with our relationship banks for US$1.8 billion, substantially improving our liquidity profile.

In addition, in 2015, we announced two major transactions that helped improve our capital structure. Firstly, following the successful closing of the Algeria Transaction, the proceeds from which were used to pay down indebtedness, we successfully completed a tender for US$1.8 billion of outstanding bonds. In addition, US$500 million was repaid under our revolving credit facility and RUB bonds were also bought back at a time when interest rates reached 20% and above. Secondly, through the three successive refinancings of the WIND Italy debt in 2014 and 2015, a more sustainable capital structure was created. Upon the completion of the Joint Venture, we expect to reduce our net debt to EBITDA ratio substantially.

Competitive Strengths

We believe that the following competitive strengths will enable us to retain our customer base, capitalize on growth opportunities in the markets in which we operate and maintain and expand our current market share positions.

Diversified Operations and Cash Flows

Our business is diversified across geographies, with operations in 14 countries as of December 31, 2015. Our geographic diversity helps insulate us from concentrated risks associated with potential economic or political instability in a particular country or region. This diversification also allows us to benefit from diversified cash flows across our businesses, creating a strong liquidity position. With respect to our largest markets, we are the number one mobile operator in Ukraine, Algeria, Pakistan and Uzbekistan, the number two mobile operator in Bangladesh and Kazakhstan and the third-ranked mobile operator in Russia and Italy, each based on the number of customers as of December 31, 2015.

Attractive emerging markets portfolio with significant upside

We are one of the leading international mobile operators with established leadership positions in emerging markets. We believe that several of these markets have significant upside potential stemming from low mobile voice and data penetration rates. Penetration rates in Bangladesh, Pakistan and Uzbekistan are 83%, 65% and 66%, respectively, as of December 31, 2015, below Western European levels.

Further, in certain of these markets, the proliferation of affordable smartphones and bundled mobile packages is driving growth in the uptake of mobile data and VAS. We believe our customers are using connectivity in new ways: with the expansion of access to content, applications, messaging, entertainment and social networking, and, as a result, demand for data services in these markets is growing. We believe we can leverage our market position in these countries to capitalize on increases in penetration rate and data usage. In addition, the telecommunications markets in Bangladesh, Pakistan and Eurasia have a large potential for customer base growth and revenue growth from relatively low penetration rates particularly with respect to SMEs. In these markets, we seek to leverage our knowledge and experience across our emerging markets footprint and in our more mature markets to capture this growth.

Solid financial profile with proven access to multiple funding sources

Historically, we have significantly grown our business while seeking to impose strict financial discipline in order to develop a solid capital structure and maintain strategic leverage and strong liquidity positions. Through the completion of financing activities of approximately US$21 billion in 2014 and approximately US$5 billion in 2015, we have substantially improved our debt maturity profile and liquidity position and significantly lowered our annual interest costs.

We have established a long-standing network of relationships with a large number of local and international financial institutions that have to date consistently provided us with the short- and long-term resources required to finance our operations, and grant us the liquidity to fund our working capital needs. We also have a strong track record in the public debt markets as in the past we have raised significant amounts of capital through bond issuances by our subsidiaries. Moreover, we are supported by a strong equity value cushion from our underlying group portfolio, with a total VimpelCom Group market cap of US$5.8 billion as of December 31, 2015. As a listed company, we also have access to the public equity markets as an additional source of funding and liquidity. We believe that our financial discipline, solid debt and cash positions and balanced mix of funding sources will enable us to continue to execute our business plan and support our group.

Recognized local brand names

We market our mobile services under local brand names in each of our markets. We benefit from a high level of brand awareness due to our local market leading positions. 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. In Ukraine, we market our mobile services primarily under the "Kyivstar" brand. This high level of brand awareness enables us to up-sell and cross-sell our products and introduce new services that require a strong level of trust from consumers, such as MFS. We also have powerful brands for our operations in Africa and Asia, including "Djezzy," "Mobilink" and "banglalink". In Italy, the "WIND" brand is well-established and enjoys high recognition. We believe that we have maintained the strength of these brands by offering innovative new products and services to provide our customers with faster access and easier usage and through our continuing commitment to providing high-quality customer service.

Broad distribution network

We have large sales and distribution networks for mobile and fixed-line services in the markets where we operate, which serve to enhance our brand visibility, maintain customer contact and expand the services we provide to our customers. These networks are used for both sales and customer care, allowing high standards of customer service. Our network consists of our own branded shops, franchise network, simple retail agreements with local retail competitors and networks of strategic retail partners. An efficient mix of these channels helps us to maintain our competitive market positions across all of our markets.

Consistent leader in customer experience

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 stabilize churn in a majority of our markets. We also believe that we have provided particularly high levels of customer service to our corporate customers. By optimizing the customer experience and driving superior pricing through integrated mobile bundles that combine traditional voice with SMS and, most importantly, data, as of December 31, 2015, we have achieved the highest customer experience scores among peers in Bangladesh, Kyrgyzstan, Ukraine, Uzbekistan, Armenia and Algeria in terms of NPS, a market tool used to measure customer loyalty.

Optimized pricing structure supporting strong margins

Acknowledging differences in competitive situations and consumer behavior across markets, we undertake a systematic effort, involving dedicated analytics and research, to develop optimal pricing structures. We believe that this approach to pricing enables us to extract value from all of our market segments and allows us to 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. We believe that such pricing supports strong Adjusted EBITDA margins compared to our global peers.

Experienced management team

Our management teams across our group have extensive experience operating in the telecommunications industry. These seasoned management teams have been successful in developing a portfolio of mobile network operations in competitive and rapidly evolving emerging markets, as well as in developed, mature markets. We also ensure that we have seasoned and experienced management teams for each of our operations. We believe that our management teams put us in a strong position to successfully implement our business strategy worldwide.

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, 2015, approximately 9.3% of our customers in Russia were on postpaid plans and approximately 90.7% 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
Voice Services[(1)]	*Includes airtime charges from mobile postpaid and prepaid customers, including monthly contract fees for a predefined amount 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 2015, we have optimized our portfolio of voice tariff options and simplified roaming pricing.*
Roaming[(2)]	*In Russia, as of December 31, 2015, we had active roaming agreements with 588 GSM networks in 214 countries, respectively, in Europe, Asia, North America, South America, Australia and Africa. Additionally, we provided GPRS roaming with 466 networks, in 178 countries, and LTE roaming with 78 networks in 63 countries.* *PJSC VimpelCom offers a 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, 2015, we provided our Russian customers with CAMEL roaming through 278 operators in 133 countries.*

(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 VAS	Description
Basic VAS Package	*Caller-ID; voicemail; call forwarding; conference calling; call blocking and call waiting*
Messaging Services	*SMS; MMS; voice messaging and SMS services (including information services such as news, weather, entertainment chats and friend finder)*
Content/infotainment services	*Voice services (including referral services); content downloadable to telephone (including music, pictures, games and video); and customized ringtones (RBT)*
Mobile financial services	*Mobile payment; banking card; trusted payment; banks notification and mobile insurance*

Wireless Internet Access	Description
Access	*Access is offered through GPRS/EDGE, 3G/HSPA and 4G/LTE.* *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 55 regions as of December 31, 2015.* *Access is offered through USB modems in every region of Russia. We offer special wireless "plug and play" USB modems, which provide our customers with a convenient tool for internet access.*
Mobile Data Plans	*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 and Shared Everything Bundle Service in 2015, offering options for multiple SIM cards for one account and making it convenient for customers to manage their account across multiple devices. Bundled tariff plan penetration was at 34.4 % as of December 31, 2015.*
Media and Content Delivery Channels	*RBT, Chameleon (service based on Cell Broadcast technology providing free information content such as news, weather and sports)* *Dating services and location-based services (such as the ability to locate customers or nearby facilities)*

Wireless Internet Access	Description
	Information and content services (such as weather forecasts or horoscopes)
	Mobile television and video streaming
	Google Play Carrier Billing (offering certain Google products and payment through a customer's mobile account)
	Apple Carrier Billing (offering App Store, iTunes and Apple 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 and security.*
Mobile virtual private network ("VPN")	*We offer 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 compass service for fleet and assets management via GPS / GLONASS with special devices (trackers) or with smartphones and tablets. We intend to continue developing these services for more accurate geo-positioning and big data information and to create tasks and task management for end-users via mobile apps.*

Other Data Services	Description
Corporate SMS services	*We provide direct connection to SMS centers for large companies and aggregators. We continued with the project of reducing spam SMS messages received by our customers in 2015 and made significant progress, as the average number of spam SMS per month is below one, as of December 31, 2015.*
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 in Russia.*
Mobile Cloud Solutions	*We are also continuing to develop our cloud product portfolio and there are several cloud solutions (such as MSO 365, Megaplan and 1C Counting) that we launched in 2015.*

Mobile voice network operator ("MVNO") services. In March 2016, we announced an agreement with SIM TELECOM to launch Russia's first expatriate MVNO customer solution. Since 2014, SIM TELECOM has sold our tariff plans for non-residents of Russia and migrant workers under the SIM SIM brand. As part of the agreement, we acquired a 50.3% controlling interest in SIM TELECOM. We expect SIM SIM to become an MVNO within our network in Russia by the end of March 2016 and to launch new tariff plans and services (including translation, transportation and legal assistance services) for expatriates in Russia.

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, 2015, the number of owned retail mono-brand stores was 1,455 compared to 1,188 owned retail mono-brand stores as of December 31, 2014, and as of December 31, 2015, the number of owned modules was 42 compared to 56 owned modules as of December 31, 2014. As of December 31, 2015, we had 118 "Know How" stores, a format developed with ION in the form of a joint venture, and 34 "Know How" stores as a new format of multibrand stores with regional dealers.

In order to promote Beeline's retail chain and increase mobile data devices penetration in 2015, Beeline began purchasing wholesale equipment (phones and accessories) to sell to dealers for further realization, launched eight platinum programs, broadened the range of brand devices to 6 to 8 SKUs and became the first operator in Russia to introduce a smartphone with Voice over LTE ("VoLTE").

Specialized customer care. Beeline continued to improve customer service to improve NPS in 2015. Its successful mobile self-service application for iOS, Android and WindowsPhone, which allows customers to manage all charged Beeline services, has been downloaded more than 14 million times as of December 31, 2015. Other examples of customer care include filtering spam SMS messages, free anti-virus protection and the introduction of shared everything bundle services, offering the option of multiple SIM cards for one account, making it convenient for customers to manage their account across multiple devices. Also, we introduced an initiative to increase transparency of content subscription costs and ban undesired subscriptions 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. NPS has improved partly as a result of the improved customer care, and Beeline surpassed a large competitor in 2015 and narrowed the gap to the leader in NPS in Russia.

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 our licenses prior to their 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 their expiration.

In addition to the seven super-regional GSM licenses, we hold a GSM license for the Orenburg region, and in total, our GSM licenses cover approximately 97% of Russia's population.

3G Licenses

PJSC VimpelCom holds one of three 3G licenses in Russia. The license expires on May 21, 2017 and we plan to apply for renewal of this license prior to its expiration.

4G/LTE License

In July 2012, PJSC 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 PJSC 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; and 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, PJSC VimpelCom launched 4G/LTE services as of June 1, 2013. PJSC VimpelCom was required to extend services to six regions in Russia by December 1, 2013, which condition was met. PJSC 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, PJSC 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 the 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.

According to Analysys Mason Research, as of December 31, 2015, there were approximately 249.8 million customers in Russia, representing a penetration rate of approximately 175.8%.

The Russian mobile telecommunications market is highly competitive. Analysys Mason Research estimates that the top three mobile operators, MTS, MegaFon and PJSC VimpelCom, collectively held approximately 85.2% of the mobile market in Russia as of December 31, 2015. 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, 2015:

Operator	**Customers (in millions)**
MTS	78.4
MegaFon	74.5
VimpelCom	59.8
Tele2	35.2

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

MTS. One of our primary competitors in Russia is MTS. According to Analysys Mason Research, as of December 31, 2015, MTS had approximately 78.4 million customers in Russia, representing a market share of 31.4%. 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, 3G and HSPA services. MTS holds a 4G/LTE FDD license identical to ours, which it received in July 2012. In addition, MTS holds a 4G/LTE TDD license for the Moscow region, which provides MTS with a potential advantage in quality of its 4G/LTE services in that region. MTS is leading in the 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. During 2012, Altimo sold its entire 25.1% stake in MegaFon to a private investor. According to Analysys Mason Research, as of December 31, 2015, MegaFon had approximately 74.5 million customers, representing a market share of 29.8%. MegaFon holds GSM900/1800 and 3G licenses to operate in all regions of Russia. MegaFon also holds a 4G/LTE FDD license identical to ours, which it received in July 2012. During 2013, MegaFon acquired Scartel, which had a 4G/LTE FDD license in the 2600 MHz band for all regions of Russia. In addition, MegaFon has a 4G/LTE TDD license for the Moscow region, which provides MegaFon with a potential advantage in quality of its 4G/LTE services in that region.

Tele2 (T2 RTK Holding LLC). In August 2014, Rostelecom and Tele2 Russia completed the merger of their mobile businesses to form a new national mobile operator in Russia to be operated as a joint venture under the Tele2 brand name. According to Analysys Mason Research, as of December 31, 2015, Tele2 had approximately 35.2 million customers, representing a market share of 14.1%. Tele2 is present in 64 regions of the country and owns licenses and spectrum in GSM900/1800, 3G, and 4G/LTE FDD technology identical to ours. Tele2 also has spectrum in the 450 MHz band, used for CDMA services, and spectrum in the 2300-2400 4G/LTE TDD band, in 39 regions of Russia. In October 2015, Tele2 launched its 3G and 4G/LTE services, which cover 90% and 75% of the population of the city and region of Moscow, respectively, with approximately 5,000 3G and 2,000 4G/LTE base stations.

Other Competitors in Russia. In addition to MTS, MegaFon and Tele2, we compete with a number of local, regional 2G and 4G/LTE 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 business to consumer ("B2C") customer spending.

During 2015, 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, 2015, we had about 5 million participants. The program was nominated and awarded as the best loyalty program in the telecoms industry at the 2015 National Competition Loyalty Awards in Russia. Bonuses can be used for partner services or applied to our monthly fees.

We also continued to encourage our high-value customers by providing unique benefits and discounts from Beeline and its partners. We launched our email campaign with different attractive partner offers, which had a high demand among premium clients. As of December 31, 2015, we had about 2 million customers with premium status. Our financial product, Beeline card (based on MasterCard), was nominated and awarded as the best loyalty card by Trade Mark. As of December 31, 2015, we had more than 500,000 customers using a Beeline card. Each month we have a partner of the month with exclusive benefits for the participants. We also launched a new project involving personalized birthday congratulations videos.

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
Local Access Services	*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.*
International and Domestic Long Distance Services	*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.* *We provide International Long Distance ("ILD") and Domestic Long Distance ("DLD") 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.*
Dedicated Internet and Data Services	*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.* *We also provide private line channels that can be used for both voice and data applications.* *We offer an 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 quality of service ("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.*
Leased Channels	*We provide corporate clients with the ability to rent leased channels with different high speed capacities, which are dedicated lines of data transmission.*
Intellectual and VAS	*Our company offers an increasing range of VAS, including toll free (800) numbers, virtual PSTN number, session initiation protocol ("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 Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T.) and all Russian stock exchanges.*

Fixed-Line Services	Description
Fixed Corporate and Cloud Services	*We offer 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 telecommunications 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, which we intend to extend with other cloud services of third parties and existing Beeline products.*
Managed Services	*We offer our corporate clients packages of integrated services that include fixed-line telephony and internet access, along with additional services such as virtual PBX and security services, such as firewall, distributed denial of service protection and local area network. These products allow customers to access their systems from various locations.* *We offer and deploy managed WiFi networks (indoor and outdoor) on client sites (offices, restaurants, shops, etc.) based on IEEE 802.11b/g/n/ac wireless technology. We offer VAS 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 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 a 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 and roaming services.

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, Kazakhstan, Uzbekistan and Baltic states. For operators in Ukraine, Kazakhstan, Uzbekistan, 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.

Roaming

We manage relations with roaming partners in order to provide mobile services to subscribers of international operators in Russia, as well as to our subscribers abroad. We implement a full range of services, including voice, SMS, data and LTE.

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 IPTV product is run in seven out of eight super-regions of Russia. We provide IPTV services in 118 cities in 34 regions of Russia, and as of December 31, 2015, we had more than 1.0 million IPTV customers.

Wireless Broadband Internet Access. As of December 31, 2015, we installed more than 10,500 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 April 26, 2016 and February 16, 2021. 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 2016:

- Local Communications Services license (excluding local communications services using payphones and multiple access facilities) in Moscow (August 30, 2016);

- Local Communications Services using multiple access facilities in Krasnodar (April 28, 2016), Moscow (September 21, 2016) and St. Petersburg (September 21, 2016);
- Leased Communications Circuits Services in Moscow (November 9, 2016), in Moscow (July 5, 2016), St. Petersburg (July 5, 2016), St. Petersburg (October 4, 2016), Nizhny Novgorod (July 5, 2016), Khabarovsk (July 5, 2016), Novosibirsk (July 5, 2016), Rostov-on-Don (July 5, 2016) and Krasnodar (July 5, 2016);
- Telematic Services in Moscow (April 26, 2016) and Krasnodar (November 17, 2016);
- Intra-zonal Communications Services in Moscow (October 24, 2016) and St. Petersburg (October 24, 2016); and
- Data Transmission Services licenses in Moscow (April 26, 2016).

We have filed, or will file, applications for renewal for all of our licenses that expire in 2016.

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 regional cities in Russia;
- 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; and
- 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 price 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 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. Set-top boxes ("STBs") can be rented or bought by customers. As a VAS for TV, we have launched 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, an option allowing the rewind of live channels without recording on STBs. Most IPTV sales are carried out in bundles with home internet and WiFi routers for 1 Russian ruble. Customers are able to rent or buy additional STBs to watch their TV channel pack on another TV set or WiFi bridges, which helps to eliminate extra physical wires.

xDSL Services. For xDSL services, we offer an unlimited tariff plan, and tariff plans that depend on 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, 2015, we had more than 56,000 cable TV customers.

Description of Operations of the Algeria Segment

Mobile Business in Algeria

Description of Mobile Services 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, as well as improved service quality and coverage, have led to increased public awareness of, and access to, the mobile telecommunications market.

Approximately 99% of the population of Algeria has access to mobile coverage. According to Analysis Mason Research, there were approximately 46.8 million subscriptions in Algeria as of December 31, 2015, representing a mobile penetration rate of approximately 116.1%.

In Algeria, we generally offer our customers mobile telecommunications services under prepaid and postpaid plans. As of December 31, 2015, prepaid, postpaid and hybrid (a monthly fee with recharge possibility) customers represented approximately 92.6%, 4.3% and 3.1%, respectively, of our customers in Algeria.

Call Completion Services and VAS

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

VAS	**Description**
Basic VAS	*Caller-ID, call forwarding, conference calling, call blocking, and call waiting*
Messaging Services	*SMS, MMS (which allows customers to send pictures, audio and video to mobile phones and to e-mail), and mobile instant messaging*
Content/chat/infotainment services	*Sports related services, religious content, taxi applications and e-learning for customers*
Data access services	*On GPRS and EDGE, and 3G*
RBT	*Customized ring back tones*

Roaming

In Algeria, we 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, as of December 31, 2015, included active roaming agreements with 432 GSM networks in 157 countries, GPRS roaming with 230 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. During 2015, the ARPT approved new interconnection rates for mobile operators, which was a favorable change for our business. The MTR for OTA increased from DZD 0.96 to DZD 1.1 and the MTRs for the other operators decreased from DZD 2.2 to DZD 1.8 to 1.9 for the other operators (see "—Competition—Mobile Business in Algeria" below). The new rates partially reduced the asymmetry among the operators, however the rate for OTA is still significantly lower than for our competitors (see "Item 3—Key Information—D. Risk Factors—Legal and Regulatory Risks—New or proposed changes to laws or new interpretations of existing laws in the markets in which we operate may harm our business").

Sales of Equipment and Accessories

Handset offerings. In order to stimulate mobile phones, and, in particular, smartphone penetration, we offer 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 wireless internet access through GPRS/EDGE and 3G networks using special "plug and play" USB modems. In addition to providing internet access, USB modems generally provide other functions such as balance top-up, tariff changing and easy management of other services in the USB modem interface.

Website. In the first half of 2015, we underwent a commercial revamp of our product and image, with an increased focus on Facebook, Twitter and YouTube. Our new website is designed to have a more responsive layout and includes a new mobile version.

Mobile Telecommunications Licenses in Algeria

OTA was awarded a 2G license for a term of 15 years in 2001. The license expires in 2016 but may be renewed for two subsequent five-year terms at no additional cost. OTA has submitted the necessary applications for renewal and does not anticipate any material obstacles to renewal. In addition, OTA was awarded a 15-year license to operate a 3G telecommunications network in 2013 for an aggregate fee of US$38 million (based on then current exchange rates), which was paid in full in 2013. OTA acquired a very small aperture terminal ("VSAT") data-voice license in 2003 and renewed the license in 2014 for an additional period of five years at no additional cost.

Under the terms of its 2G and 3G mobile licenses, OTA is required to pay annual frequency fees to the Algerian government and contributions for the universal service fund, numbering plan and research in an amount equal to 3.5% of "operator turnover" (which is equal to revenue less interconnection costs). For its 3G license, OTA is also required to pay an annual revenue sharing fee of 1% based on 3G operator turnover.

In January 2016, the regulator in Algeria launched a tender for awarding 4G licenses to the three mobile operators in Algeria. Bidding will be conducted in early April with the winners of the tender expected to be announced in May 2016. The commercial launch of 4G services in Algeria is expected in the second half of 2016.

OTA's total license fees (spectrum charges plus revenue sharing) in Algeria were US$77.0 million, US$85.4 million and US$64.3 million for the years ended December 31, 2013, 2014 and 2015, respectively, of which US$19.6 million, US$30.9 million and US$29.2 million related to spectrum charges, and US$57.4 million, US$54.5 million and US$35.1 million related to revenue sharing, respectively, over the same periods.

Competition—Mobile Business in Algeria

In Algeria, there are three mobile operators: OTA; 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 OTA 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, 3G licenses were 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, OTA launched 3G services and, by the end of 2015, had expanded services to 29 provinces across the country, including Algiers and the largest provinces in terms of population. OTA's launch of 3G services was later than its competitors, who began their 3G roll outs in December 2013.

In January 2016, the regulator in Algeria launched a tender for awarding 4G licenses to the three mobile operators in Algeria as described in "—Mobile Telecommunications Licenses in Algeria."

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

The Algerian government has imposed MTRs between operators that directly impact revenue from call termination, which is one of the major services provided by all operators who provide wholesale services. For more information about MTRs, see Exhibit 99.2—Regulation of Telecommunications. OTA receives revenues from other operators for calls terminated to its customers on OTA's network (regardless of whether OTA's customer is actually on OTA's network or roaming) and is required to pay interconnection fees to other operators for calls terminated to their customers. MTRs are regulated and determined each year by the ARPT upon approval of each operator's reference interconnection offer ("RIO"). As of July 1, 2015, MTRs were as follows (price per minute): OTA, DZD 1.1; Ooredoo, DZD 1.8; and Mobilis, DZD 1.9.

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, 2015:

Operator	Customers in Algeria (in millions)
Djezzy	17.7
Mobilis	16.2
Ooredoo	13.0

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." We also launched an unlimited postpaid offer, "Infinity," which was supported by OTT partnerships with WhatsApp, Opera Mini and the 3G "Be-Djezzy" applications. Our prepaid plans for residential customers include "Djezzy Good" and "Djezzy Go." In July 2014, we 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. New 2015 offerings included handset migration promotions and smartphone and dongle promotions with data bonuses.

We sell our mobile telecommunications services through indirect channels (distributors) and through our "Djezzy" branded shops, of which there were 2,000 (both owned and rented), including 1,102 equipped with IT material and sales application, as of December 31, 2015. Our nine exclusive national distributors cover all 48 Wilayas (provinces) of Algeria and are distributing our products through over 70,000 points of sale authorized to sell airtime and over 12,500 points of sale authorized to sell SIMs.

As of December 31, 2015, we also had a pool of more than 300 agents in call centers, which focus on customer care, including retention, troubleshooting and handling complaints. 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). We provide customer support for the "Djezzy" brand through our call centers, which are open 24 hours a day and seven days a week. During 2015, OTA continued to enhance the quality of its customer service by auditing and addressing agent performance in several major cities, including Algiers, Oran, Constantine and Annaba.

Fixed-line Business in Algeria

We do not offer fixed-line services in Algeria.

Description of Operations of the Pakistan Segment

Mobile Business in Pakistan

Description of Mobile Services in Pakistan

The telecommunications sector in Pakistan has experienced significant growth over the past ten years for 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 has provided a higher percentage of the population of Pakistan with access to mobile services as compared to before. The availability, affordability and ease of use of handsets have 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 has launched 3G services in 300 cities, becoming the first operator to reach 7 million 3G customers.

Approximately 90% of the population of Pakistan lives in areas with mobile coverage. According to the Pakistan Telecommunication Authority (or the "PTA"), there were approximately 125.9 million subscriptions in Pakistan as of December 31, 2015, representing a mobile penetration rate of approximately 65.3%. Pakistan has an internet penetration rate of 14% as of December 31, 2015, based on subscriber figures provided by the PTA.

In Pakistan, we offer our customers mobile telecommunications services under postpaid and prepaid plans. As of December 31, 2015, approximately 1.9% of our customers in Pakistan were on postpaid plans and approximately 98.1% of our customers in Pakistan were on prepaid plans.

In addition, we offer mobile financial services to our customers in Pakistan.

Call Completion Services and VAS

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

VAS	Description
Basic VAS	*Caller-ID, voicemail, call forwarding, conference calling, call blocking and call waiting*
Messaging Services	*SMS, MMS (which allows customers to send pictures, audio and video to mobile phones and to e-mail), and mobile instant messaging*
Content/chat/infotainment services	*Music; live audio streaming; infotainment services for religious, sports, comedy, quotes, news, weather and other content; and IVR (Interactive Voice Response) Chat*
Data access services	*On GPRS, EDGE and 3G*
RBT	*Customized ring back tones*
MFS	*Mobile financial services*

Roaming

In Pakistan, as of December 31, 2015, we had active roaming agreements with 301 GSM networks in 148 countries, covering a number of countries in Europe, Asia, North America, South America, Australia and Africa. Additionally, we provided GPRS roaming with 198 networks in 101 countries and CAMEL roaming

through 56 networks in 44 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 Pakistan and in the territories of Azad Jammu and Kashmir ("AJK") and Gilgit-Baltistan ("GB"), 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 smartphones penetration, we offer our customers a broad selection of handsets and internet devices, which we source from a number of suppliers.

USB Modems. We generally offer our customers wireless internet access through GPRS/EDGE and 3G networks using special "plug and play" USB modems.

Mobile Telecommunications Licenses in Pakistan

Mobilink was awarded a 15-year 2G license in 1992. In 2007, Mobilink renewed its 2G license for a further term of 15 years. As of December 31, 2015, Mobilink had a balance of US$58.2 million to be paid to the PTA for the renewal of its 2G license. Such amount is payable in yearly installments of US$14.5 million, payable in December of each year until December 2019. In addition, in 2014, following a competitive auction process, Mobilink was awarded a 15-year license to operate a nationwide 3G telecommunications network in Pakistan for an aggregate initial spectrum fee of US$300.9 million which was paid at the time Mobilink acquired the license. These 2G and 3G licenses do not entitle Mobilink to provide services in AJK and GB.

In 2006, Mobilink was awarded a 15-year license to provide mobile telecommunications services in AJK and GB, requiring payment of a US$10 million license fee, 50% of which was payable prior to the issuance of the license and the balance was payable in 10 equal annual installments of US$500,000 (payable in U.S. dollars or equivalent Pakistani rupees). Mobilink expects to make the last of these payments in 2016.

Under the terms of its 2G and 3G licenses, as well as its license for services in AJK and GB, Mobilink must pay annual fees to the PTA and make universal service fund contributions and/or research and development fund contributions, as applicable (not all of the foregoing are applicable to all licenses), in a total amount equal to 2.5% of Mobilink's annual gross revenues (less certain allowed deductions) for such services, supplemental to spectrum administrative fees.

In addition, Mobilink and its subsidiaries have other licenses, including long distance and international (LDI), WLL, local loop licenses, licenses to provide non-voice communication services, and licenses to provide class VAS in Pakistan, AJK and GB. The licensees must also pay annual fees to the PTA and make universal service fund contributions and/or research and development fund contributions, as applicable (not all of the foregoing are applicable to all licenses), in a total amount equal to 2.5% of the licensees' annual gross revenues (less certain allowed deductions) for such services.

Mobilink's total license fees (annual license fees plus revenue sharing) in Pakistan (excluding the yearly installments noted above) were US$22.3 million, US$20.7 million and US$21.1 million for the years ended December 31, 2013, 2014 and 2015, respectively. Mobilink's total spectrum administrative fee payments in Pakistan were US$0.9 million, US$1.0 million and US$1.0 million for the years ended December 31, 2013, 2014 and 2015, respectively.

Competition—Mobile Business in Pakistan

According to the PTA, there were approximately 125.9 million customers in Pakistan as of December 31, 2015, representing a mobile penetration rate of approximately 65.3%, a decrease from 73.1% as of December 31, 2014, due to the biometric verification process of all cellular customers in 2014 and 2015. 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 (Private) Limited is a wholly owned company of Warid Telecom Pakistan LLC and Bank Alfalah Limited and launched its cellular services in Pakistan in May 2005. Zong is wholly owned by China Mobile. On November 26, 2015, we entered into an agreement with WTPL and Bank Alfalah to merge our telecommunications businesses in Pakistan, as described in more detail under "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Pakistan Merger."

During 2015, the Government of Pakistan and the PTA put in place additional security measures, in particular biometric verifications for all mobile subscriptions, which required re-verification of all existing customers (see "Item 3—Key Information—D. Risk Factors—Legal and Regulatory Risks—New or proposed changes to laws or new interpretations of existing laws in the markets in which we operate may harm our business"). During this re-verification, a restriction on SIM sales was enforced through retail channels, and SIM cards that could not be verified had to be blocked by the operators. By May 2015, Mobilink verified approximately 87% of customers, representing 99% of revenue, thereby outperforming the market in terms of retained customer base, based on subscriber figures provided by the PTA.

The following table shows our and our competitors' respective customer numbers in Pakistan as of December 31, 2015:

Operator	**Customers in Pakistan (in millions)[(1)]**
Mobilink	36.2
Telenor Pakistan	34.9
Zong	24.1
Ufone	19.9
Warid	10.7

Source: The Pakistan Telecommunication Authority.

(1) The total number of customers in Pakistan decreased during 2015 as a result of the SIM re-verification process and certain disconnections as described above.

Marketing and Distribution—Mobile Business in Pakistan

In Pakistan, we offer a portfolio of tariffs and products designed to cater to the needs 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 discounts for closed user groups and follow-up minutes based on bundle commitment. As of December 31, 2015, our sales channels include eight company stores, 21 business centers, a direct sales force of 129 employees, 350 exclusive franchise stores, 546 contractual direct-selling representatives, and over 207,000 non-exclusive third party retailers. For top-up, we offer prepaid scratch cards and electronic recharge options, which are distributed through the same channels. Mobilink SIMs are sold through more than 30,000 retailers, supported by biometric verification devices.

We have focused on MFS revenue generation by incentivizing retailers with customer engagement campaigns, and as of December 31, 2015, had over 59,094 MFS agents. In addition, we own Waseela

Microfinance Bank Limited, a microfinance banking institution, which provides branchless MFS in Pakistan. MFS enable customers to perform financial transactions, financial payments, balance checks and other banking transactions through a mobile device such as mobile phones. Our automated customer service helpline operates 24 hours a day and seven days a week, and we operate three call centers in Lahore, Karachi and Islamabad. In addition, we have personnel in our regional corporate customer services operations to manage our high-end customer accounts.

Fixed-line Business in Pakistan

Description of Fixed-Line Services in Pakistan

Our fixed-line business in Pakistan includes internet and VAS 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, VPN services, VAS, 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, Rawalpindi and Islamabad), and P2P radios for connecting to our network. Our long-haul fiber optic network covers more than 6,500 kilometers and, supplemented by wired and wireless networks, over 100 cities across Pakistan.

We provide the following services for corporate and individual business 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.

Competition—Fixed-line Business in Pakistan

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. 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 Pakistan

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 a dedicated sales force and account managers. For consumer DSL, we use direct sales channels, indirect sales channels and telesales. Our telesales are conducted in Lahore in the 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 Bangladesh Segment

Mobile Business in Bangladesh

Description of Mobile Services in Bangladesh

The mobile telecommunications industry was introduced late in Bangladesh. Since the launch of GSM technology in 1997, the industry has grown rapidly. The mobile penetration rate in Bangladesh increased from 0.8% in 2002 to 83% in 2015, according to the Bangladesh Telecommunications Regulatory Commission (the

"BTRC"). Increased demand for mobile telecommunications services is largely due to the expansion of the Bangladeshi economy and the corresponding increase in disposable income, declining tariffs and handset prices 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; however, 3G usage is growing following the launch of 3G services in October 2013. The expanding 3G network is expected to increase ARPU as the use of the internet grows, with improving data speed presenting a significant opportunity for mobile operators in Bangladesh to increase their market shares in significant urban centers.

Currently in Bangladesh, more than 99% of the population lives in areas with mobile coverage, and all 64 district headquarters have access to 3G networks. According to the BTRC, there were approximately 133.7 million customers in Bangladesh, as of December 31, 2015. Since the launch of 3G services, internet penetration has increased from 22.9% in October 2013 to 33.7% in December 2015.

The telecommunications market in Bangladesh is largely comprised of prepaid customers. As of December 31, 2015, approximately 93.6% of our customers in Bangladesh were prepaid and approximately 6.4% were on postpaid plans.

Call Completion Services and VAS

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

Data access services are provided by using GPRS, EDGE and 3G technology. Customers can use data services both as pay-per-use or a pack.

VAS	Description
Basic VAS	*Call forwarding, conference calling, call blocking, call waiting, caller line identification presentation, call me back and voicemail missed call alert*
Messaging Services	*SMS, MMS (which allows customers to send pictures, audio and video to mobile phones and to e-mail) and mobile instant messaging*
Content/chat/infotainment services	*News alert service, sports related content, job alerts, music streaming, mobile TV, content download, devotional content and agricultural helpline*
RBT	*Customized ring back tones*

Roaming

In Bangladesh, we have active roaming agreements covering a number of countries in Europe, Asia, North America, South America, Australia and Africa. As of December 31, 2015, Banglalink had active roaming agreements with 421 GSM networks in 160 countries and provided GPRS roaming with 312 networks in 115 countries, in addition to maritime roaming and in-flight roaming with Emirates Airlines and Malaysian Airlines. 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 Bangladesh 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 smartphones penetration, we offer our customers a broad selection of handsets and internet-capable devices, which we source from a number of suppliers. Currently, Banglalink does not offer handset subsidies.

Mobile Telecommunications Licenses in Bangladesh

In November 1996, Banglalink was awarded a 15-year GSM license to establish, operate and maintain a digital mobile telephone network to provide 2G services throughout Bangladesh. The license was renewed in November 2011 for a further 15-year term.

Following a competitive auction process, Banglalink was awarded a 15-year license to use 5 MHz of 3G spectrum on September 19, 2013, for which it paid a total cost of BDT 8,677.4 million (inclusive of 5% VAT) (US$111.6 million equivalent), including both a license acquisition fee and a spectrum assignment fee.

Under the terms of its 2G and 3G mobile licenses, Banglalink is required to pay to the BTRC (i) an annual license fee of BDT 50.0 million (equivalent to US$0.6 million) for each mobile license; (ii) 5.5% of Banglalink's annual audited gross revenue, as adjusted pursuant to the applicable guidelines; and (iii) 1% of its annual audited gross revenue (payable to Bangladesh's social obligation fund), as adjusted pursuant to the applicable guidelines. The annual license fees are payable in advance of each year, and the annual revenue sharing fees are each payable on a quarterly basis and reconciled at the end of each year.

Banglalink's total license fees (annual license fees plus revenue sharing) in Bangladesh were equivalent to US$33.8 million, US$37.1 million and US$40.6 million for the years ended December 31, 2013, 2014 and 2015, respectively.

In addition to license fees, Banglalink pays annual spectrum charges to the BTRC, calculated according to the size of Banglalink's network, its frequencies, the number of its customers and its bandwidth. The annual spectrum charges are payable on a quarterly basis and reconciled at the end of each year. Banglalink's annual spectrum chargers were equivalent to US$8.4 million, US$9.1 million and US$9.9 million for the years ended December 31, 2013, 2014 and 2015, respectively.

Competition—Mobile Business in Bangladesh

The mobile telecommunications market in Bangladesh is highly competitive. The top three mobile operators, Grameenphone, Banglalink and Robi, collectively held approximately 88.1% of the mobile market in Bangladesh as of December 31, 2015, according to the BTRC. On September 9, 2015, Robi and Airtel announced a potential merger that could result in the creation of the second largest mobile telecommunications operator in Bangladesh. The operators have sought permission from the BTRC to proceed with the merger. The High Court has requested feedback on whether it should be directed to assess the market impact of the proposed merger of Robi and Airtel. This request was directed at Robi, Airtel, the BTRC and secretaries to the cabinet division, Bangladesh Competition Commission and ministries of commerce and telecommunications, and the responses to this are still pending. At the direction of the High Court, the BTRC organized a public hearing on the proposed Robi-Airtel merger on February 17, 2016.

The following table shows our and our competitors' respective customer numbers in Bangladesh as of December 31, 2015:

Operator	Customers in Bangladesh (in millions)
Grameenphone	56.7
Banglalink	32.3
Robi	28.3
Airtel	10.7
Teletalk	4.1
Citycell	1.0

Source: The Bangladesh Telecommunications Regulatory Commission.

Marketing and Distribution—Mobile Business in Bangladesh

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 (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 (mostly prepaid). We also offer business-specific VAS and special pricing based on volume and contractual commitment, which include field force tracking, fleet tracking, bulk SMS and corporate outbound dial service. We provide our large enterprise accounts with specialized customer service and enterprise relationship management. With rapid growth in the 3G network, we offer a wide range of 3G products which cater to the needs of different segments. As of December 31, 2015, Banglalink had covered more than 500 out of 517 Thanas (local administrative centers under the district level) with 3G coverage, and 11% of its customers were using 3G data service.

As of December 31, 2015, our sales and distribution channels included 12 company stores, a direct sales force of 72 enterprise sales managers and 80 zonal sales managers for mass market retail sales channels, 94 exclusive franchise stores, 53,611 retail SIM outlets, 213,116 top-up selling outlets and 1,164 Banglalink service points. Banglalink provides customer support through its call center, which is open 24 hours a day and seven days a week. The call center also includes a corporate customer service team that focuses on corporate customers and SMEs. Expansion of the call center is underway to ensure a high level of customer service as the customer base grows. Banglalink has consistently been ranked as the most recommended operator in Bangladesh in terms of NPS. Banglalink has established credit control and collection teams to improve invoice recovery rates.

Fixed-line Business in Bangladesh

We do not offer fixed-line services in Bangladesh.

Description of Operations of the Ukraine Segment

Mobile Business in Ukraine

Kyivstar 3G launch

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. Kyivstar launched 3G services in Ukraine in May 2015, and, as of December 31, 2015, offered 3G services in 500 localities and had more than 7.5 million 3G customers.

Description of Mobile Services in Ukraine

Mobile Voice Services

As of December 31, 2015, approximately 9.4% of our customers in Ukraine were on postpaid plans and approximately 90.6% of our customers in Ukraine were on prepaid plans.

Call Completion and VAS

In Ukraine, we offer the same call completion and VAS as in Russia. For a description of these services, see "—Description of Operations of the Russia Segment—Mobile Business in Russia."

Roaming

As of December 31, 2015, Kyivstar provided voice roaming on 472 networks in 198 countries, GPRS roaming on 400 networks in 164 countries and 3G roaming on 254 networks in 118 countries.

Wireless Internet Access

In Ukraine, we provide our customers with wireless internet access through GPRS/EDGE and 3G/HSPA networks. Our 3G internet services were commercially launched in May 2015 with the introduction of new retail portfolios, providing customers with data, voice and messaging bundles.

Mobile Telecommunications Licenses in Ukraine

In Ukraine, Kyivstar holds 900 MHz GSM and 1800 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 5, 2026.

On February 25, 2015, VimpelCom announced that Kyivstar was 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 Information of Ukraine. The license was issued on April 1, 2015 and is valid for a period of 15 years (until April 1, 2030).

We have also obtained a range of national and regional radio frequency licenses for the use of radio frequency resources in the referred standards and in specified standards—RRL and WiMax. Our network covers approximately 98% of Ukraine's population (except the Anti-Terrorist Operation ("ATO") zone where Kyivstar is not able to use and control its network).

Competition—Mobile Business in Ukraine

According to Analysys Mason Research, as of December 31, 2015, there were approximately 59.1 million customers in Ukraine, representing a penetration rate of approximately 132.0%. 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, 2015:

Operator	**Customers (in millions)**
Kyivstar	25.4
MTS Ukraine	20.3
Astelit	10.7

Source: Analysys Mason Research for all companies except Kyivstar.

Kyivstar competes primarily with MTS Ukraine, operating under the Vodafone brand, which is 100% owned by MTS and operates a GSM900/1800 network in Ukraine. Kyivstar also competes with Astelit, as well as with Trimob, a 100% affiliate company of Ukrtelecom to provide services under a 3G license, and with other small CDMA operators.

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.

During 2015, Kyivstar started to sell bundled offers available when purchasing partners' smartphones and simplified its offerings by introducing new tariff plans focused on on-net, off-net and data. In addition, Kyivstar launched a new line-up of plans for its mobile prepaid and postpaid subscribers and rebranded its corporate style (including new logo and website designs and branded products).

Customer Loyalty Programs

In Ukraine, Kyivstar has a loyalty program, "Kyivstar club," which is available for subscribers on legacy tariffs only.

Fixed-line Business in Ukraine

Description of Fixed-line Services in Ukraine

Business Operations

In July 2015, we completed an internal reorganization, as a result of which, Golden Telecom LLC, the entity which previously owned our fixed-line network in Ukraine, was merged with and into Kyivstar.

We have constructed and own, as of December 31, 2015, a 43,240 kilometer fiber optic network, including 20,017 kilometers between cities, 14,342 kilometers inside cities, and 8,881 kilometers local FOL (Fiber Optical Line) 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 VAS. 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.

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 (excluding cities in Crimea and the ATO zone).

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 fixed-line and wireless internet services. We began providing fixed-line broadband services in Ukraine in 2008 and, as of December 31, 2015, provided services in 116 cities in Ukraine (excluding cities in Crimea and the ATO zone). In connection with these services, we have been engaged in a project to install FTTB for fixed-line broadband services in approximately 40,574 residential buildings in 116 cities, providing over 55,092 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.

License Type	Region	Expiration Date
International communication	All of Ukraine	August 18, 2019
Long distance communication	All of Ukraine	August 18, 2019
Local communication	All of Ukraine	August 29, 2020

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. We were the third largest B2B internet provider in the country as of December 31, 2015, according to a research conducted by “Expert Consulting” research agency. There is a high level of competition with more than 400 ISPs in Ukraine. Our main competitors in the corporate market for data services are also Ukrtelecom, 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, 2014 to December 31, 2015, we increased the number of our broadband customers in Ukraine (excluding customers in the ATO zone) by 3.9% from 778,432 to 808,477.

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 SME customers through dealerships, direct sales, own retail and agent networks.

We use a customized pricing model for large accounts which includes 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 our existing market share in the B2B market and our ability to provide integrated solutions with mobile services, which creates brand preference. 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. During 2015, our consumer fixed-line internet services business was supported by below the line advertising, 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. We currently have four unlimited tariff plans with monthly fees, which offer different speeds up to 100 Mbps for active internet users. In addition, in 2015, we launched OTT TV services in partnership with Viasat.

Description of Operations of the Kazakhstan Segment

Mobile Business in Kazakhstan

Description of Mobile Services in Kazakhstan

In Kazakhstan, we offer our customers mobile telecommunications services under postpaid and prepaid plans. As of December 31, 2015, approximately 10.3% of our customers in Kazakhstan were on postpaid plans and approximately 89.7% of our customers in Kazakhstan were on prepaid plans.

Call Completion and VAS. In Kazakhstan, we offer similar call completion and VAS 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."

Roaming

In Kazakhstan, we have active roaming agreements covering a number of countries in Europe, Asia, North America, South America, Australia and Africa. As of December 31, 2015, we had active roaming agreements with 575 GSM networks in 191 countries and provided GPRS roaming with 433 networks in 156 countries and

CAMEL roaming through 245 networks in 99 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.

Mobile Internet Services

In 2015, we launched new bundle plans with a wide pricing portfolio to cover all our customers' mobile traffic needs and provide a better customer experience, while creating opportunities for the customer to purchase add-ons.

We focus on smartphone penetration as a key factor for mobile internet revenue. During 2015, we started selling an affordable smartphone, Beeline Smart, which proved to be popular with current and new customers. We also launched lifestyle internet offers, for example, with unlimited WhatsApp, social networks and radio music. We focus specialized offers on the evolution of internet users and growth of their data ARPU by proposing unlimited access to their favorite OTTs.

Mobile Telecommunications Licenses in Kazakhstan

We hold a national license for GSM900/1800 and 3G for the entire territory of Kazakhstan, which license has an unlimited term, no license fee and can be terminated voluntarily by the operator.

On December 31, 2015, we received a proposal from the regulator in Kazakhstan regarding the allocation of frequencies (800 MHz and 1800 MHz) for the provision of 4G/LTE services. The licensing conditions include network coverage requirements and allocation of the specified frequencies (10 MHz of 1800 MHz and 10 MHz of 800 MHz). The provision of 4G/LTE services requires one fee of KZT 4.0 billion (approximately US$11.4 million as of December 31, 2015) to be paid by February 1, 2016, and an additional fee of KZT 22.0 billion (approximately US$62.8 million as of December 31, 2015) to be paid in one tranche of KZT 10.0 billion (approximately US$28.5 million as of December 31, 2015) by March 1, 2016, and a second tranche of KZT 12.0 billion (approximately US$34.2 million as of December 31, 2015) by December 1, 2016. We paid each of the first two amounts in a timely manner, and we intend to pay the remaining amount by the required date.

Competition—Mobile Business in Kazakhstan

Kazakhstan

According to Analysys Mason Research, there were approximately 27.4 million mobile customers in Kazakhstan as of December 31, 2015, representing a penetration rate of approximately 155.1%.

The following table shows our and our primary mobile competitors' respective customer numbers in Kazakhstan as of December 31, 2015:

Operator	Customers (in millions)
Kcell	10.4
KaR-Tel	9.5
Tele2 Kazakhstan	4.4
AlTel	3.1

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

Marketing and Distribution—Mobile Business in Kazakhstan

In Kazakhstan, we divide our primary target customers into the following five large groups: large account corporate customers (business market); SME customers (business market); business to government or "B2G" customers (business market); high ARPU customers (consumer market); youth segment (consumer market); and mass market segment (consumer market).

In Kazakhstan, we offer a wide pricing portfolio focused on bundle plans. During 2015, a new integrated bundle, data add-ons and lifestyle bundles were added to the pricing portfolio for the consumer segment.

In September 2015, we obtained control over KAZEUROMOBILE LLP ("KEM"), a joint venture in Kazakhstan, due to a change in the corporate governance structure. We have an indirect 51% stake in KEM, whose primary activity is the retail sale of telecommunication devices and related accessories, and KEM has 111 sale points in 39 cities in Kazakhstan.

Customer Loyalty Program

We have a loyalty program in Kazakhstan, with which we aim to increase the duration of the relationship with, and ARPU of, our customers. As of December 31, 2015, we had 2.5 million customers participating in this program in Kazakhstan.

Fixed-line Business in Kazakhstan

Description of Fixed-line Services in Kazakhstan

Business Operations

We focus on customer experience for large enterprises through offering high-quality services. Our main business clients are concentrated in the financial and oil & gas sectors, with a new focus on international companies. We provide the following services for corporate clients: high-speed internet access; local, long distance and international voice services over IP; local, intercity and international leased channels and IP VPN services; cloud services; and integrated corporate networks (including integrated network voice, data and other services).

We provide our services with the following technologies: fiber optic lines (more than 22,000 buildings are covered by our FTTB network); wireless technologies; satellite technologies; and TV-Everywhere platform (through the vendor, Computer Telephony Integration).

Wholesale Operations

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.

Residential and FTTB Operations

In Kazakhstan, we offer the same fixed-line broadband and wireless internet services as in Russia. For more information, see "—Description of Operations of the Russia Segment—Fixed-line Business in Russia."

We also launched new products for Beeline subscribers, including OTT TV available on smart phones, TVs, tablets and PCs. In addition, we have launched VAS such as "Forsage" (to allow FTTB subscribers to restore initial speeds according to their tariff plans), "Turbo" (to allow subscribers to exceed the speeds in their tariff plans), "Invite your friend" (to attract and retain subscribers by providing bonuses which can be used to make broadband payments) and "Moving" (to keep login and password details). We also update our offers to reflect seasonal campaigns.

Licenses—Fixed-line Business Kazakhstan

We have a long distance license which is important to our fixed business in Kazakhstan. This license has an unlimited term, no license fee and covers services including long distance and international connection, traffic termination and transit.

Competition—Fixed-line Business in Kazakhstan

Business Operations

We provide internet, data transmission and traffic termination services in Kazakhstan, where we compete primarily with state-owned provider Kazakhtelecom, KazTransCom (owned by TeliaSonera), TransTelecom (owned by Temir Zholy, the national railway company), Astel (a leader in the provision of satellite services) and several other small local operators.

Marketing and Distribution—Fixed-line Business in Kazakhstan

In Kazakhstan, we are focusing 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.

Description of Operations of the Uzbekistan Segment

Mobile Business in Uzbekistan

Description of Mobile Services in Uzbekistan

In Uzbekistan, we offer our customers mobile telecommunications services under postpaid and prepaid plans. As of December 31, 2015, approximately 1.7% of our customers in Uzbekistan were on postpaid plans and approximately 98.3% of our customers in Uzbekistan were on prepaid plans.

Call Completion and VAS. In Uzbekistan, we offer the same call completion and VAS 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."

Roaming

In Uzbekistan, we have active roaming agreements covering a number of countries in Europe, Asia, North America, South America, Australia and Africa. As of December 31, 2015, we had active roaming agreements with 499 GSM networks in 185 countries and provided GPRS roaming with 373 networks in 161 countries and CAMEL roaming through 235 networks in 103 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.

Mobile Internet Services

Our data strategy focuses on smartphone users, digitalization of services and creating new applications for data users. We seek to convert smartphone owners from non-data users to data users with 3G performance and 4G/LTE development, effective offers for smartphone users, regional marketing of smartphones and co-branded projects with smartphone vendors. Our long-term focus is to move our customers from pay-as-you-go to integrated bundles, and to increase data usage and ARPU with specific offer campaigns.

In Uzbekistan, we provide customers with wireless internet access over GPRS/EDGE/3G/4G/LTE networks. Our 3G/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 have begun to integrate mobile services of popular social networks.

Mobile Telecommunications Licenses in Uzbekistan

We hold a national license for GSM900/1800, 3G and 4G/LTE covering the entire territory of Uzbekistan. The license is granted for 15 years and requires annual license fee payments. The license expires on August 6, 2016, and we plan to apply for renewal of the license prior to its expiration.

Competition—Mobile Business in Uzbekistan

According to Analysys Mason Research, as of December 31, 2015, there were approximately 20.5 million mobile customers in Uzbekistan, representing a penetration rate of approximately 65.5%. The relatively low penetration rate is caused by the single-SIM profile of most Uzbek mobile subscribers.

The following table shows our and our primary mobile competitors' respective customers in Uzbekistan as of December 31, 2015:

Operator	Customers (in millions)
Unitel	9.9
Ucell	8.8
UzMobile	0.6
UMS	1.1
Other	0.2

Source: Analysys Mason Research for all companies except Unitel.

In Uzbekistan, we compete primarily with Ucell (owned by TeliaSonera), UzMobile and Universal Mobile Systems ("UMS"). UMS is a joint venture between MTS, who re-entered the market in December 2014, and an Uzbek government-controlled entity. MTS owns a 50.01% stake and the government owns a 49.99% stake in UMS, which provides GMS services. UzMobile entered the market as a fourth operator in April 15, 2015 and, as a state-owned operator, has a number of advantages over the other operators, including state-sponsored project financing on favorable terms, temporary exemptions from license fees, spectrum fees and customs duties on imported equipment, permission to carry out construction and installation projects without competitive tenders and permission to obtain permits related to radio electronic facilities and high frequency devices. In September 2015, TeliaSonera announced that it will exit from Uzbekistan, along with the other markets in Eurasia in which it operates, without providing a specific timeframe for such exit.

Marketing and Distribution—Mobile Business in Uzbekistan

In Uzbekistan, we divide our primary target customers into the following 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 Uzbekistan, we offer several U.S. dollar-based prepaid and postpaid tariff plans, each one targeted at a different type of customer.

In the business market, we offer a wide range of telecommunications services and tariff plans to the mobile B2B segment, and we have the largest market share among mobile operators in Uzbekistan. To address various business goals, we allow corporate customers to construct price plans that take into account their particular business needs. Our current B2B priorities are the development of the large account corporate segment, attracting new segments with the introduction of M2M solutions and big data and increasing the number of data users.

Customer Loyalty Program

We have a loyalty program in Uzbekistan, with which we aim to increase the duration of the relationship with, and ARPU of, our customers. As of December 31, 2015, we had 4.5 million customers participating in this program in Uzbekistan.

Fixed-line Business in Uzbekistan

Description of Fixed-line Services in Uzbekistan

Business Operations

In Uzbekistan, we provide a wide range of fixed-line services, such as network access and hardware and software solutions, including configuration and maintenance. We have our own basic fiber optic digital network in the cities of Tashkent, Samarkand, Bukhara, Navoi, Zarafshan, Karshi, Termez, Andijan, Kokand, Namangan and Fergana, covering more than 472 kilometers, and copper cables, covering more than 135 kilometers, that allow users to connect and to access services in nearly all regions of Uzbekistan.

We provide the following services for corporate and individual business 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, through our copper cable network and our modern digital fiber optic network; dedicated lines of data transmission; and dedicated line access and fixed-line mobile convergence.

Currently, the most popular services on the Uzbek telecommunications market are internet services.

Wholesale Operations

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.

Residential and FTTB Operations

In Uzbekistan, we offer the same fixed-line broadband and wireless internet services as in Russia. For more information, see "—Description of Operations of the Russia Segment—Fixed-line Business in Russia."

Licenses—Fixed-line Business in Uzbekistan

We have fixed-line, data and long distance licenses which are important to our fixed business in Uzbekistan. These licenses will expire between July 5, 2016 and December 20, 2029, require the payment of annual fees and cover services including local, long distance and international communications, data transmission and internet. We plan to file applications for renewal of the licenses that expire in 2016 prior to their expiration.

Competition—Fixed-line Business in Uzbekistan

We operate large independent fixed-line services in Uzbekistan, where we compete with the state-owned provider, Uztelecom, as well as East Telecom, Sarkor Telecom, Sharq Telecom and EVO. There is a high level of competition in the capital city of Tashkent, but the fixed-line internet market in most of the regions remains undeveloped.

Marketing and Distribution—Fixed-line Business in Uzbekistan

One of our priorities in Uzbekistan is the development of information and communication technology ("ICT"), which supports economic development in Uzbekistan. Our strategy includes maintaining our current market position by retaining our large corporate client customer base.

Description of Operations in HQ and Others

Our operations in Kyrgyzstan, Armenia, Tajikistan, Georgia and Laos are included in HQ and Others.

Mobile Business in HQ and Others

Description of Mobile Services in HQ and Others

In the countries in HQ and Others, we generally offer our customers mobile telecommunications services under postpaid and prepaid plans. As of December 31, 2015, we had the following percentages of postpaid and prepaid customers:

Payment Plan	Kyrgyzstan	Armenia	Tajikistan	Georgia	Laos
Postpaid	*4.7%*	*11.7%*	*0.1%*	*0.4%*	*5.3%*
Prepaid	*95.3%*	*88.3%*	*99.9%*	*99.6%*	*94.7%*

Call Completion and VAS. In the countries in HQ and Others, we offer the same call completion and VAS as in Russia (except for location based services).

Roaming. In the countries in HQ and Others, we have roaming arrangements with a number of other networks, which vary by country of our operations.

Country	Roaming Agreements (as of December 31, 2015)
Kyrgyzstan	*Voice roaming on 461 networks in 148 countries*
	GPRS roaming on 218 networks in 88 countries
	CAMEL roaming on 132 networks in 66 countries
Armenia	*Voice roaming on 417 networks in 173 countries*
	GPRS roaming on 316 networks in 130 countries
	CAMEL roaming on 209 networks in 96 countries
Tajikistan	*3G roaming on 144 networks in 44 countries*
	Voice roaming on 199 networks in 87 countries
	GPRS roaming on 178 networks in 81 countries
	CAMEL roaming on 111 networks in 59 countries
Georgia	*Voice roaming on 208 networks in 88 countries*
	GPRS roaming on 165 networks in 77 countries
	CAMEL roaming on 118 networks in 59 countries
Laos	*Voice roaming on 402 networks in 137 countries*
	GPRS roaming on 211 networks in 457 countries
	CAMEL roaming on 28 networks in 17 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 agreements with mobile and fixed-line operators in each of the countries in our HQ and Others segment 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.

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 each of Kyrgyzstan, Tajikistan and Georgia. We have promotional zero-zones for major local and international social networks in each of these countries to lower the entry barrier for new data users and stimulate consumption for existing ones. We also focus on smartphone penetration growth in each of these countries as the major source of effective demand for our mobile internet services.

In Kyrgyzstan, we provide our customers with wireless internet access through GPRS/EDGE/3G/HSPA+ networks. We launched our 3G/HSPA+ network in Kyrgyzstan in December 2010. USB modems were commercially launched for prepaid and contract customers in November 2009. During 2014, we launched attractive internet options to promote data usage during idle hours and spread the network load in Kyrgyzstan, and we succeeded in branded smartphone distribution, which increased our data user base. In 2015, following an open tender process, we bought 5 MHz of 800 MHz spectrum (for an equivalent of approximately US$4.4 million) with a commitment to buy an additional 5 MHz of 800 MHz spectrum in 2016, for the deployment of a 4G/LTE network in 2016.

In Armenia, we provide our customers with wireless internet access over GSM/GPRS/EDGE/3G networks. 3G services were commercially launched in 2009. For small screen customers, we launched data bundles with internet access for a daily fee with unlimited data usage and a limit on speed only after a certain amount of usage.USB modems were commercially launched in July 2009. We offer customers a USB modem and SIM card with a pre-installed special internet rate data plan.

In Tajikistan, we provide our customers with wireless internet access via GSM/EDGE and 3G networks. USB modems were launched in January 2008. We provide internet services for smartphones and feature phones, as well as for USB dongles. During 2015, Tacom launched, for the first time, integrated mobile bundles in Tajikistan. In addition, we offer 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/LTE networks. We were awarded a 4G/LTE license with a 15-year term in January 2015 as a result of a tender process in Georgia. We launched our 4G/LTE network in February 2015. During 2015, Mobitel launched a numbers of competitive 4G/LTE offers, such as 4G/LTE integrated bundles and data bundles, 4G/LTE smartphones with bonuses and bundles, and promotional campaigns on WiFi routers and modems.

In Laos, we offer our customers wireless internet access through GPRS/EDGE and 3G networks using special "plug and play" USB modems. In addition to providing internet access, USB modems generally provide other functions such as balance top-up, tariff changing and easy management of other services in USB modem interfaces.

Mobile Telecommunications Licenses in the countries in HQ and Others

Country	Licenses (as of December 31, 2015)	License Expiration
Kyrgyzstan	*National license to use radio spectrum of 800 MHz for the entire territory of Kyrgyzstan (technology neutral)*	*September 28, 2025*
	National license to use radio spectrum of 900 MHz, 1800 MHz and 2100 MHz for the entire territory of Kyrgyzstan (technology neutral)	*October 30, 2019*
	National license to use radio spectrum of GSM900/1800 MHz and 3G licenses for the entire territory of Kyrgyzstan	*May 30, 2016*
	National license for electric communication service activity	*Unlimited term*
	National license for BS transmission	*December 3, 2019*
Armenia	*Network operation license for the entire territory of Armenia*	*March 3, 2028*
	National licenses to use radio spectrum of 900 MHz, 1800 MHz and 2100 MHz for the entire territory of Armenia (technology neutral)	*March 3, 2023*
Tajikistan	*GSM-900/1800 license, 3G license and data services license (with permission to use of 800 MHz frequency for LTE services) for the entire territory of Tajikistan*	*May 12, 2019; July 13, 2020; and December 9, 2020, respectively*
Georgia	*GSM1800 10 MHz frequency licenses*	*February 1, 2030*
	GSM900 5.49 MHz frequency licenses	*February 1, 2030*
	LTE 800 10 MHz frequency licenses	*February 1, 2030*
Laos	*2G, 3G, WLL, ISP licenses for the entire territory of Laos*	*January 23, 2022 (2G and WLL); annual renewal (3G and ISP)*

Competition—Mobile Business in HQ and Others

Kyrgyzstan

According to Analysys Mason Research, as of December 31, 2015, there were approximately 8.0 million customers in Kyrgyzstan, representing a penetration rate of approximately 139.5%.

The following table shows our and our primary mobile competitors' respective customers in Kyrgyzstan as of December 31, 2015:

Operator	Customers (in millions)
Alfa Telecom	3.4
Sky Mobile	2.7
Nur Telecom	1.6

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

Armenia

According to Analysys Mason Research, as of December 31, 2015, there were approximately 3.6 million customers in Armenia, representing a penetration rate of approximately 119.7%.

The following table shows our and our primary mobile competitors' respective customers in Armenia as of December 31, 2015:

Operator	Customers (in millions)
K-Telecom	2.1
ArmenTel	0.8
Orange Armenia	0.7

Source: Analysys Mason Research for all companies except ArmenTel.

Tajikistan

According to Analysys Mason Research, as of December 31, 2015, there were approximately 10.7 million customers in Tajikistan, representing a penetration rate of approximately 123.3%.

The following table shows our and our primary mobile competitors' respective customers in Tajikistan as of December 31, 2015:

Operator	Customers (in millions)
Babilon Mobile	4.6
TCell	2.7
MegaFon TJ	1.9
Tacom	1.2
Other	0.3

Source: Analysys Mason Research for all companies except Tacom.

Georgia

According to Analysys Mason Research, as of December 31, 2015, there were approximately 5.4 million customers in Georgia, representing a penetration rate of approximately 125.1%.

The following table shows our and our primary mobile competitors' respective customers in Georgia as of December 31, 2015:

Operator	Customers (in millions)
Magticom	2.1
Geocell	2.0
Mobitel	1.3

Source: Analysys Mason Research for all companies except Mobitel.

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 4.8 million customers in Laos as of December 31, 2015.

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 and Lao Asia Telecom. 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 Finance).

The following table shows our and our primary mobile competitors' customer numbers in Laos as of December 31, 2015:

Operator	Customers (in millions)
Unitel	2.5
LTC	1.5
VimpelCom Lao Co.	0.2
ETL	0.6

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

Marketing and Distribution—Mobile Business in HQ and Others

All our mobile operations in the countries in HQ and Others, except for Laos, 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 Kyrgyzstan, we offer twelve Kyrgyz som-based price plans (including internet price plans for our mass market and high ARPU customers) for our mass market customers and three price plans for SME and large account customers.

In Armenia, we offer several Armenian dram-based prepaid and contract tariff plans, each one targeted at a different type of customer.

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 three Georgian lari-based prepaid tariff plans and 10 contract-based postpaid tariff plans for our SOHO, SME and large account corporate customers. As part of a portfolio simplification project, we reduced the number of our contract-based postpaid tariff plans from 22 to 12.

In Laos, we offer pricing plans for contract, prepaid and internet services for residential and corporate customers, with most tariffs quoted in Lao kip. Local price plans include plans for heavy users, handset packages and closed user groups for families and communities. We distribute mobile services and products through one distributor, five wholesalers and 40 promoters.

Customer Loyalty Programs

We have active loyalty programs in each of Kyrgyzstan and Armenia, with which we aim to increase the lifetime and ARPU of our customers. As of December 31, 2015, we had 1.5 million and 330,000 customers participating in the loyalty programs in Kyrgyzstan and Armenia, respectively.

Fixed-line Business in HQ and Others

Description of Fixed-line Services in HQ and Others

In Armenia and Georgia, we offer certain fixed-line services, as described below. We do not offer fixed-line services in Kyrgyzstan, Tajikistan or Laos.

Business Operations

Armenia. Our subsidiary ArmenTel provides a range of telecommunications services in Armenia, including PSTN-fixed and IP telephony, internet, data transmission and network access, domestic and international voice termination and TCP/IP international transit traffic services. We operate a nationwide network in Armenia and provide the following services for corporate and individual customers: local telephony services; international and domestic long distance services; broadband access services (including ADSL and fiber optic lines); and VoIP services.

Wholesale Operations

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 PJSC VimpelCom directly.

Armenia. Our subsidiary ArmenTel is the Armenian incumbent operator offering countrywide wholesale services, such as leased line service and wholesale broadband services, as well as wholesale international voice termination and origination services for other local operators and service providers.

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 PJSC VimpelCom directly.

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

Residential and FTTB Operations

Armenia. In Armenia, we offer PSTN-fixed and IP telephony services, as well as fixed-line broadband internet access based on ADSL and FTTB technologies, dial-up services and wireless internet access based on

CDMA technology. In the third quarter of 2015, we also launched FMC services and currently offer FMC bundles to subscribers (for example, fixed internet plus mobile data, or fixed internet plus mobile voice plus mobile data).

Licenses—Fixed-line Business in HQ and Others

Armenia. We operate a nationwide fixed-line network in Armenia on the basis of a general (fixed and mobile) network operation license, expiring on March 3, 2028. We also have a license to use 450MHz frequency band for the provision of fixed wireless voice telephony and broadband services in rural areas in Armenia, which expires on March 3, 2023.

Competition—Fixed-line Business in HQ and Others

Business Operations

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. There are more than 10 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 HQ and Others

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.

Description of Operations of the Italy Business Unit

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

On August 6, 2015, we entered into an agreement with Hutchison, which owns indirectly 100% of Italian mobile operator 3 Italia, to form an equal joint venture holding company that will own and operate our telecommunications businesses in Italy (see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Italy Joint Venture" and Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.). Completion of the transaction is subject to the satisfaction or waiver of certain conditions precedent, including obtaining regulatory approvals, and is expected to occur around the end of 2016. WIND Italy and 3 Italia will continue to operate separately pending completion.

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, 2015, approximately 7.4% of our customers in Italy were on postpaid plans and approximately 92.6% were on prepaid plans.

Mobile Voice Services	Description
Consumer Voice Offerings	*Our consumer voice offerings are tailored to specific market segments. Our voice offerings can be upgraded with a variety of option plans and VAS. Prepaid consumer customers can choose from tariff plans in which their prepaid credit is deducted on a per second basis at a per minute billing rate, or on a four weeks' basis at a flat rate. In addition to these tariff plans, we offer a number of all-inclusive flat rate tariff plans to contract (on a monthly basis) and prepaid (on a four weeks basis) consumer customers that include a set amount of calling minutes, SMSs and gigabytes of mobile internet access for a fixed fee. Additional all-inclusive bundles specifically target young people (under 30 years old), seniors (over 60 years old) and digitally native customers (All-Digital), with accounts that are manageable only via digital channels such as web, mobile applications (apps) and social networks. We also have two offers for specific interests: All Inclusive Music and All Inclusive Movies.*
Corporate Voice Offerings	*We provide corporate voice services to large corporate customers, SMEs and 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 apps is growing, with the aim of bringing greater mobility to business processes, we have 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.*

Data and Value Added Service Offerings. In Italy, we provide a variety of mobile data services and VAS 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 fee.

In Italy, we offer the following data services and VAS:

Mobile VAS	Description
Mobile Internet	*Our mobile customers can connect their mobile phones to the internet using GSM, GPRS, 3G or 4G/LTE technologies. Offers include bundles and innovative options like Open-Internet, which allows data customers to share the total amount of data included in the bundle with family members.*
PC Mobile Internet	*Our mobile customers can connect their mobile phones to a computer to be used as a modem to browse the internet using GSM, GPRS, 3G or 4G/LTE technologies. In addition, our customers can directly connect their PC to the internet using a dongle with a WIND SIM card.*
SMS and MMS	*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.*
Content and Innovative Services	*During 2015, WIND Italy had a strong focus on innovative services based on using a mobile phone for payments with the aim of simplifying the customer's life and improving the user experience. WIND Italy demonstrated this focus by renewing its partnership with Google and Microsoft for carrier billing and enhanced roll out of mobile ticketing. WIND Italy is continually improving the MyWind App and launched the Wind Talk App, an Instant Messaging App connected to the MyWind App with exclusive features of airtime, credit transfer, P2P, and direct Chat with WIND Customer Care and with WIND shops. WIND Italy continues its focus and interest on new services and in 2014 introduced a concept called "Digital Home & Life" in the main WIND store in Rome. 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.*

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 496 international operators in 219 countries as of December 31, 2015.

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 3G. WIND Italy acquired a 3G 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 3G license, WIND Italy has coverage in all Italian regional capitals.

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

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, our principal competitors are Telecom Italia, operating under the "TIM" brand name, Vodafone Italy, operating under the "Vodafone" brand name, and Hutchison, operating under the "3 Italia" brand name. Telecom Italia and Vodafone Italy have well established positions in the Italian mobile market and each has a greater market share than WIND Italy. Hutchison 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 and the other operators. During 2015, the entire market continued to reduce in size as a consequence of operators focusing on more robust pricing strategies and less aggressive use of promotions, as well as customers moving their telecommunication needs to single SIM cards with all-inclusive bundles (instead of splitting traffic across multiple SIM cards) and deactivating their additional SIM cards.

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.

Based on our internal estimates, the four network operators in Italy offered mobile telecommunications services to approximately 86 million registered customers as of December 31, 2015, representing a penetration rate of approximately 141% of the Italian population. As of December 31, 2015 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.

The following table shows our and our competitors' respective customer numbers in Italy as of December 31, 2015:

Operator	Customers (in millions)
Telecom Italia	30.9
Vodafone Italy	25.7
WIND Italy	21.1
3 Italia	10.3

Source: Analysys Mason Research for all companies except WIND Italy.

Based on our internal estimates, as of December 31, 2015, excluding MVNOs, Telecom Italia had a market share of 35%, followed by Vodafone Italy with 28.5%, WIND Italy with 24.7% and Hutchison with 11.8%. On August 6, 2015, we entered into an agreement with Hutchison, which owns indirectly 100% of Italian mobile operator 3 Italia, to form joint venture, as described in more detail under "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Italy Joint Venture."

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 and WIND branded and unbranded handsets through a significant number of points of sale. As of December 31, 2015, we had 153 WIND owned stores and approximately 481 exclusive franchised outlets operating under the WIND name. WIND Italy also utilizes 949 non-exclusive points of sale, 631 electronic chain store outlets and approximately 4,133 other points of sale in smaller towns managed by SPAL TLC S.p.A. ("SPAL"), our largest distributor in Italy in terms of points of sale, in which WIND Italy held a 33% stake until July 2015, when WIND Italy's shareholding in SPAL terminated. The exclusive distribution arrangement terminated in February 2016. We also sell a portion of our consumer services online through the 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 model development will be carried out using a methodology based on NPS, as 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. Using this measurement, it will be possible for us 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, 2015. 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
Internet and Data Services	*In the broadband access market in Italy, we mainly offer our products directly through LLU. We offer broadband mainly to direct customers, so long as the line is ADSL or ADSL 2+ capable.* *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 discount to fixed-line customers who also are mobile subscribers with an All Inclusive postpaid or prepaid offer.* *For LLU customers only, WIND continues to offer 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.* *For corporate customers, WIND has developed several innovative and digital services such as Cloud including IaaS (Infrastructure as a Service), Data Center, cCloud and SaaS (software as a service), characterized for being fast, simple and flexible.*
Consumer Voice Offerings	*Throughout Italy, we provide traditional analog voice telephone service, or "PSTN access," digital fixed-line telephone service, or "ISDN access," and VAS, 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.*
Corporate Voice Offerings	*We provide PSTN, ISDN and VoIP fixed-line voice services, data services, VAS and connectivity services to corporate customers, including large corporate customers, SMEs and SOHOs.* *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.* *Our offerings tailored for SME and SOHO customers include "All Inclusive Business" providing unlimited calls to national fixed and mobile networks and unlimited internet access; in addition, our "Internet Pack" offer includes one WiFi 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. The Wind Smart Office Small and Large offer provides 3/6 simultaneous calls to and from landline phones, ADSL up to 20 MB, unlimited calls to all fixed and mobile national and international operators.*

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 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 Italy and Fastweb accounted for approximately 94% of the total broadband fixed services actually accessed in the Italian market as of December 31, 2015.

Based on our internal estimates, as of December 31, 2015, Telecom Italia had approximately 7.0 million broadband customers in Italy, representing a market share of approximately 49.3% of broadband retail connections, followed by WIND Italy with approximately 2.3 million broadband customers, representing a market share of approximately 16.2% of broadband retail connections, Fastweb with approximately 2.2 million active broadband customers, representing a market share of approximately 15.5% of broadband retail connections and by Vodafone, with approximately 1.9 million broadband customers representing a market share of approximately 13.4% of broadband retail connections. All other fixed-line operators had in the aggregate approximately 0.8 million broadband customers, representing a market share of approximately 5.6% 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 2015, we have continued to adopt almost exclusively pull sales channels, which are more effective and efficient, in order to increase the fixed business marginality.

Regulatory

For a description of the regulations of our main 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 in a given period, as well as periods of vacations. Generally, our revenue from our fixed-line telecommunications business is lower when there are fewer working days in a period or a greater number of customers are on vacation such as the December holiday season and in 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/3G/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 benefit from the group's purchasing scale and monitor the commercial terms across the group. We select suppliers based mainly on compliance with technical and functional requirements and total cost, 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 the 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 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 a technology that dynamically adapts the coding rate to the radio conditions in order to deliver optimum voice quality. HD Voice is a set of high definition codecs that provides high-definition voice quality during the call. VoLTE is a technology that enables voice calls over LTE network with higher voice quality and lower call setup times. These technologies are being implemented in commercial networks in the group's operational companies after testing to ensure the quality of the network.

In the area of data services, we have successfully launched Data Traffic Management ("DTM") 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 the 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+ and 4G/LTE, and we are rolling out Single-RAN network technology to optimize our investments and support multiple mobile communications standards on a single network and set of equipment. We have acquired new spectrum in several operating companies to boost our network capacity, enhance spectral efficiency and enable the launch of new Radio Access Networks Technologies, recently including 3G on 2100MHz in Algeria, 3G on 2100MHz in Pakistan and 4G/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 successfully launched VoLTE technology within the Moscow area network on August 5, 2015, while continuing the SON (Self Optimized Network) pilot in Russia and Uzbekistan, which yielded highly positive results. In addition, we comply with Russian MNP regulations, which have allowed customers to port mobile numbers since December 2013.

In order to comply with the requirements of the 4G/LTE licenses that PJSC VimpelCom was awarded in Russia in July 2012, PJSC VimpelCom had launched 4G/LTE services in 55 regions in the Russian Federation as of December 31, 2015. PJSC VimpelCom is currently expanding and improving its access and transport network in other regions of Russia to comply with further requirements, as 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 4G/LTE services 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 opportunities from the big data approach. WIND established a Financed Projects team in 2008 to monitor, study and test technological and business trends from a medium/long-term perspective, in cooperation with internal business and technology divisions, 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 2015, the team was involved in research projects on: (i) the big data approach to extract information from mobile network traffic in order to identify patterns and to develop predictive models for traffic planning, tourist flows forecasting and to develop new applications related to sustainable mobility; (ii) solutions for security and privacy management of data (which project was concluded in November 2015); and (iii) environmentally friendly ICT solutions ("green ICT"), with a specific focus on green data centers.

As of December 31, 2015, WIND's 4G/LTE core network infrastructure consisted of six Mobility Management Entities, two Home Subscriber Servers, six PDN Gateways and six Serving Gateway sites in 4G/LTE technology to 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 a movement to an all-IP network architecture with innovative telecommunication services and digital applications.

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 the 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. Consisting of the Big European Ring (main fiber ring) and a few rings in the Central, Ural, Siberia and South and North Caucasus regions, the network connects 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, and our network extends to Yakutsk, Vladivostok and Sakhalin. Two chords links provide additional protection and capacity for the Big European Ring. The total length of our Intercity optical cable network is 55,225 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 our connections to Kazakh, Uzbek and other Asian telecommunication operators.

We have built the intraregional (also called "zone") transport networks that connect our sites in small towns and the countryside. The total length of local fiber cables is 45,601 kilometers and the total length of our zonal fiber cables is 56,885 kilometers. The local IP networks are constructed in more than 220 cities and 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 six international transit exchanges, 10 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 Kazakhstan. 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' residences.

As of December 31, 2015, we had approximately 2.2 million customers connected to our FTTB network in Russia. The network operates in 141 cities across Russia, 30 across Kazakhstan and three across Uzbekistan. We have the largest FTTB network in Moscow and the core broadband market in Russia.

Ukraine

Our transport network is designed to provide a full range of telecommunications 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, Synchronous Digital Hierarchy ("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 (except for secondary towns) and can be self-healing which is necessary to prevent downtime 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 20,017 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 116 cities of Ukraine. The total length of fiber cables constructed within the cities is 23,223 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.

Kazakhstan

Our subsidiaries TNS-Plus LLP and 2Day Telecom LLP provide a wide range of fixed-line telecommunications services, including internet access, ADSL, FTTB, WiFi, WiMax, VoIP, VPN and VSAT. TNS-Plus owns more than 12,621 kilometers of fiber optic main lines across Kazakhstan, which are based on Huawei SDH/DWDM equipment. As of December 31, 2015, we had approximately 216,218 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 100 nodes situated throughout Uzbekistan. The main technologies of our access networks are 14,264 ADSL ports and 30,456 FTTB 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, remote access telephone nodes, multi-service access nodes ("MSANs"), internet protocol digital customer line access multiplexers, fiber and copper wire access networks, fiber optic backbone network and data access network). Its network consists of 220,000 ADSL ports, 2,026 buildings provided with FTTB fiber access and 137 Central Offices (telephone exchanges, MSANs, remote nodes), of which 103 are digital. ArmenTel also 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.

Georgia

We generate international traffic termination revenue in Georgia via our mobile network infrastructure using our mobile switch connection.

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 22,300 kilometers of fiber optic cable backbone in Italy and 5,091 kilometers of fiber optic cable MANs, as of December 31, 2015. 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, 2015 we had 1,636 LLU sites for direct customer connections (approximately 64% 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 75 Edge Routers for Business application, located in POPs to ensure optimal coverage of the national territory.

WIND has a commercial agreement with Metroweb to enable WIND to provide customers in Milan with access to "fiber to the home" technology. WIND began to offer high speed services in fiber to the home technology in Milan in 2013 under this contract, 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. In 2015, WIND, Vodafone Omnitel B.V and Italian investment funds, F2i SGR S.p.A. and Fondo Strategico Italiano S.p.A., signed a non-binding letter of intent to explore the building of a nationwide fiber infrastructure through Metroweb's network. As of December 31, 2015, there were more than 5,000 kilometers of metropolitan area networks in WIND's network in Italy.

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 and for the language and 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 two 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 Algeria, our subsidiary OTA leases its headquarters, call center, transmission towers, sites for mobile switching centers and data centers and owns a small parcel of land used for a cable station in Ain Benian.

In Pakistan, our subsidiary PMCL owns a number of properties consisting of over 28,000 square meters in Karachi, Lahore, Faisalabad and Islamabad. These properties are used for PMCL's operations and include call centers, data centers, office buildings and switching stations. PMCL also leases properties across Pakistan, AJK and GB, including its headquarters and BTS sites.

In Bangladesh, our subsidiary Banglalink does not own any material real property. Banglalink leases properties across Bangladesh, including its headquarters, call centers, towers, mobile switching centers and data centers.

In Ukraine, our subsidiary Kyivstar owns a series of buildings consisting of 34,057 square meters at Degtyarivska, 53 in Kyiv. We use these buildings for offices, call centers, switching centers and a print center. In addition, we own a number of buildings throughout Ukraine consisting of over 83,343 square meters that we use as office space, switching centers, call centers, sales centers, date centers and storage units.

In Kazakhstan, we own 18 buildings consisting of approximately 24,337 square meters which are used as administrative offices, technical centers and switching centers. In addition, we lease properties across Kazakhstan that we use for offices, sales centers, warehouses, archive centers, switching centers and parking.

In Italy, as of December 31, 2015, we owned certain properties where some of our telecommunications network equipment is located, including 287 radio centers (for all of which we own the towers and equipment rooms, and for approximately 120 out of 287, we also own the land where the radio centers are located), 586 towers, approximately 1,800 towers on rented locations, excluding roof top sites, on which antennas for radio coverage are installed (considering also the effect of the Galata transaction), and approximately 1,000 other minor towers. For information regarding the sale of a majority stake of WIND Italy's tower subsidiary, Galata, see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Network and Tower Sharing Agreements."

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 Exchange Act

Under Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) to 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) of the Exchange Act. 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 sent direct traffic to TCI and TCI sent both direct and transit traffic to ArmenTel. We (including ArmenTel) did not provide any telecommunications equipment or technology to TCI. However, in 2013 ArmenTel discontinued providing voice services under the agreement. During 2015, there was no gross revenue received from these activities involving TCI and no net profits. During 2015, ArmenTel provided telecommunications services to the Embassy of Iran in Yerevan. The gross revenue for these services in 2015 was approximately US$14,000 and net profits were approximately US$4,900. ArmenTel intends to continue the services to the Embassy of Iran.

- During 2001, our Russian subsidiary, PJSC 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 2015 was approximately US$2,400 and net profits were approximately US$1,733. PJSC VimpelCom intends to continue the services to the Embassy of Iran.
- During 2008, our Tajikistan subsidiary, LLC Tacom, began providing telecommunications services to the Embassy of Iran in Dushanbe. The gross revenue for these services in 2015 was approximately US$5,751 and net profits were approximately US$4,831. LLC Tacom intends to continue the services to the Embassy of Iran.
- During 2014, our Kyrgyzstan subsidiary, Sky Mobile LLC, began providing mobile telecommunications services to the Embassy of Iran in Bishkek. The gross revenue for these services in 2015 was approximately US$1,729 and net profits were approximately US$762. Sky Mobile LLC intends to continue the services to the Embassy of Iran.
- During 2015, our Algerian subsidiary, OTA and subsequently its wholly owned subsidiary, Optimum Telecom Algeria S.p.A. ("Optimum"), provided telecommunications services to the Embassy of Iran in Algiers. The gross revenue for these services in 2015 was approximately US$48.15 with no net profits. Optimum 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) and RighTel 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, TKC KIFZO and RighTel for the foreseeable future. During 2015, our gross revenue received from roaming arrangements with TCI, MTN Irancell and RighTel was approximately US$262,419, US$8,432 and US$182 respectively, and net losses were approximately US$17,871, US$80,626 and US$221 respectively. During 2015, we received no gross revenue from roaming arrangements with Taliya Mobile and TKC KIFZO with no net profits.

Telenor may be deemed an affiliate based on its indirect share ownership in us through Telenor East and the officers of the Telenor Group who are on our board. Telenor East has provided us with the information included below relevant to Section 13(r) of the Exchange Act. This information relates solely to activities conducted by Telenor 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 Telenor subsidiaries have entered into 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 Iranian operator pays the relevant Telenor subsidiaries' roaming fees for use of its network by its customers.

Telenor subsidiaries were party to the following roaming agreements and interconnection agreements with Iranian telecommunication companies in 2015:

(1) Telenor Norge AS, a Norwegian subsidiary, has roaming agreements with Mobile Telecommunication Company of Iran ("MCI") and MTN Irancell. During 2015, Telenor Norge AS recorded net expenses related to these roaming agreements of US$4,683.21 to MCI and US$32,820.48 to MTN Irancell.

(2) Telenor Sverige AB, a Swedish subsidiary, has roaming agreements with MCI, MTN Irancell and Taliya Mobile. During 2015, Telenor Sverige AB recorded net revenues related to its roaming agreement with MCI of US$12,051.34, net expenses related to its roaming agreement with MTN Irancell of US$40,506.41 and net expenses related to its roaming agreement with Taliya Mobile of US$12,933.43.

(3) Telenor A/S, a Danish subsidiary, has roaming agreements with MCI and MTN Irancell. During 2015, Telenor A/S recorded net expenses related to its roaming agreement with MCI of US$28,199.77. No net expenses or net revenues were recorded in relation to Telenor A/S's roaming agreement with MTN Irancell.

(4) Telenor d.o.o. Beograd Omladinskih brigada 90, a Serbian subsidiary, has a roaming agreement with MCI. During 2015, Telenor d.o.o. Beograd Omladinskih brigada 90 recorded net revenues of US$1,587.37 related to this roaming agreement.

(5) Telenor Hungary Plc, a Hungarian subsidiary, has a roaming agreement with MCI. During 2015, Telenor Hungary Plc, recorded net revenues of US$17,215.93 related to this roaming agreement.

(6) Telenor Bulgaria EAD, a Bulgarian subsidiary, has a roaming agreement with MCI. During 2015, Telenor Bulgaria EAD recorded net revenues of US$4,775.03 related to this roaming agreement.

(7) DiGi.Com Bhd, a Malaysian subsidiary, has a roaming agreement with MCI. During 2015, DiGi.Com Bhd recorded net revenues of US$5,428.35 related to this roaming agreement.

(8) Telenor Pakistan (Private) Ltd., a Pakistani subsidiary, has roaming agreements with MCI, MTN Irancell and Taliya Mobile. During 2015, Telenor Pakistan (Private) Ltd. recorded net expenses related to these roaming agreements of (i) US$1,929.64 to MCI, (ii) US$3,348.06 to MTN Irancell, and (iii) US$1.39 to Taliya Mobile.

(9) Total Access Communications Plc. ("dtac"), a Thai subsidiary, has roaming agreements with MCI and MTN Irancell. During 2015, dtac recorded net expenses related to these roaming agreements of US$292.61 to MCI and US$146.89 to to MTN Irancell.

(10) Telenor Global Services AS, a Norwegian subsidiary, has an interconnection agreement with Telecommunication Company of Iran, the parent company of MCI. During 2015, Telenor Global Services recorded a net expenses of US$516,061 related to this interconnection agreement.

Telenor and its subsidiaries intend to continue these agreements.

Legal Proceedings

In 2013, the Government of Pakistan issued a Statutory Regulatory Order levying activation tax on handsets, which order was challenged before the High Court by all cellular mobile operators in Pakistan, including PMCL. In 2014, the Government of Pakistan amended the Sales Tax Act 1990 through the Finance Act 2014 to impose obligations on the operators to recover, collect and pay sales tax on the registration of the International Mobile Equipment Identity (IMEI) numbers of handsets and the supply and issuance of SIM cards. The operators, including PMCL, commenced judicial review proceedings to challenge the legality of the amendments to the legislation. In 2015, pursuant to the Finance Act 2014, the Tax Department of Azad Jammu and Kashmir also issued a notice to PMCL for payment of such handset registration tax and SIM supply tax. PMCL challenged the notice before the Azad Jammu and Kashmir High Court. The three proceedings are ongoing in the respective High Courts.

In 2015, Pakistan tax authorities issued income tax show cause notices ("SCNs") against PMCL purporting to disallow expenses for the years 2011 to 2013. Similar SCNs were also issued against the other cellular mobile operators. The majority of the disallowances in the SCNs are considered to be grossly exaggerated and without

merit. PMCL has provided the tax authorities with information substantiating the expenses claimed. In the event an adverse order is passed by the tax authorities, PMCL intends to challenge the order in the appropriate appellate forums.

For more information regarding our other legal proceedings, please see Note 24 and Note 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. For information about certain risks related to current and potential legal proceedings, see "Item 3—Key Information—D. Risk Factors—Legal and Regulatory Risks."

For details related to the resolution of 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 a DPA with the DOJ, a Consent with the SEC, and a settlement agreement with the OM. The agreements with the DOJ and the SEC require us to retain, at our own expense, an independent compliance monitor, and the DPA and agreement with the OM require us to continue to cooperate with the agencies regarding their investigations of other parties. We will incur costs in connection with these obligations, which may be significant," "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—If we commit a breach of the DPA, we may be subject to criminal prosecution. Such criminal prosecution could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects," and "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We may face other potentially negative consequences relating to the investigations by, and agreements with, the DOJ, SEC and OM, including additional investigations and litigation."

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."

Basis of Presentation of Financial Results

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 rights of at least 20.0% and not more than 50.0%.

As a result of the agreement entered into with Hutchison to combine our operations in Italy with 3 Italia in an equal joint venture, we expect to lose control over our operations in Italy upon closing of the transaction. Consequently, we classified our Italian business unit as an asset held for sale and discontinued operation in our consolidated financial statements as of December 31, 2015. In connection with this classification, the company no longer accounts for depreciation and amortization expenses of the Italian assets. The amounts for 2014 and 2013 have been restated in the consolidated income statements, the consolidated statements of cash flows and the related notes to reflect the classification of Italy as held for sale and discontinued operations. It is not yet reasonably possible to predict the impact on the income statement that this transaction might have upon closing of the transaction. Following the reclassification, the intercompany positions between the continued continuing operations and discontinued operations are no longer eliminated. The positions are disclosed as related party transactions and balances. Please refer to Notes 6 and 25 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F for further information.

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 rate was different under IFRS from the statutory rate.

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.

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. As of January 1, 2015, our reportable segments consist of the eight following segments:

- Russia;
- Algeria;
- Pakistan (which was split out of the former "Africa & Asia" reportable segment);
- Bangladesh (which was split out of the former "Africa & Asia" reportable segment);
- Ukraine;
- Kazakhstan (which was split out of the former "CIS" reportable segment);
- Uzbekistan (which was split out of the former "CIS" reportable segment); and
- HQ and Others (which includes all results of our operations in Kyrgyzstan, Armenia, Tajikistan, Georgia and Laos, as well as certain intercompany adjustments and HQ transactions. Prior to January 1, 2015, the results of our operations in Kyrgyzstan, Armenia, Tajikistan and Georgia were included in the former "CIS" reportable segment, and the results of our operations in Laos were included in the former "Africa & Asia" reportable segment).

Italy is no longer a reportable segment subsequent to its classification as a discontinued operation in connection with the Italy Joint Venture. However, financial and operational information for Italy is included in this Annual Report on Form 20-F because completion of the Italy Joint Venture has not occurred and Italy is a significant part of our business. Information for 2014 and 2013 has been restated to reflect the classification of Italy as a discontinued operation.

For more information regarding our organizational structure and segments and the Italy Joint Venture, see "Item 4—Information on the Company—Organizational Structure," "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Italy Joint Venture" and Notes 6 and 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. On January 30, 2015, the company and its subsidiary GTH completed the sale of a non-controlling 51% interest in OTA to the FNI. For more information regarding our acquisitions and dispositions, see "—Recent Developments and Trends" and Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. 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 unless required by IFRS applied by the group.

Recent Developments and Trends

Strategy update

In August 2015, we announced the six strategic priority areas on which we intend to focus going forward. One of these six strategic priority areas is performance transformation. The objective of our performance transformation is to build a new global organizational operating model that will bring together all our operating companies and our HQ to truly operate as one group. As a result of these, we managed to decrease expenses through more efficient capital expenditure (in 2015, our capital expenditures represented 18.2% of our consolidated total operating revenue, compared to 21.7% in 2014), following our initiative to move to a more asset light operating model. In 2015, we incurred transformation costs of US$138 million related to our performance transformation program and we expect to incur ongoing costs in the coming years. See "Item 4—Information on the Company—Strategy" for more information regarding our strategic priority areas.

Customer and revenue growth

The mobile markets in Russia, Algeria, Ukraine, Kazakhstan, Kyrgyzstan, Armenia, Georgia, Tajikistan and Italy 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 VAS 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, including Pakistan, Bangladesh, Uzbekistan and Laos, 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

In February 2016, VimpelCom reached resolutions through agreements with the DOJ, the SEC and the OM relating to the previously disclosed investigations under the FCPA and relevant Dutch laws pertaining to VimpelCom's business in Uzbekistan and prior dealings with Takilant Ltd. The relevant agreements have been approved by the authorities and pertinent courts. Pursuant to these agreements, the company agreed to pay an aggregate amount of US$795 million in fines and disgorgements to the SEC, the DOJ and the OM. We currently cannot estimate the additional costs that we are likely to incur in connection with compliance with the agreements, including the ongoing obligations to cooperate with the agencies regarding their investigations of

other parties, the monitorship, and the costs of implementing the changes, if any, to our policies and procedures required by the monitor. However, the costs could be significant. For further details related to these settlements, please see "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business— We are subject to a DPA with the DOJ, a Consent with the SEC, and a settlement agreement with the OM. The agreements with the DOJ and the SEC require us to retain, at our own expense, an independent compliance monitor, and the DPA and the agreement with the OM require us to continue to cooperate with the agencies regarding their investigations of other parties. We will incur costs in connection with these obligations, which may be significant," "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—If we commit a breach of the DPA, we may be subject to criminal prosecution. Such criminal prosecution could have a material negative effect on our business, financial condition, results of operations, cash flows and prospects," "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We may face other potentially negative consequences relating to the investigations by, and agreements with, the DOJ, SEC and OM, including additional investigations and litigation" and Note 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Italy Joint Venture

On August 6, 2015, VimpelCom, which owns indirectly 100% of WIND Italy, together with its subsidiary VimpelCom Amsterdam B.V., and Hutchison, which owns indirectly 100% of Italian mobile operator 3 Italia, together with certain of its subsidiaries, entered into a contribution and framework agreement to form an equal joint venture holding company (the "WIND JV") that will own and operate their telecommunications businesses in Italy. Each of Hutchison and VimpelCom will indirectly hold 50% of the shares in the WIND JV, and therefore, as a consequence at the completion of the Italy Joint Venture, VimpelCom will no longer own a majority interest or have control over the operations of WIND Italy. Pursuant to the terms of a shareholders' deed to take effect on completion of the Italy Joint Venture, no party may reduce its aggregate indirect holding in the WIND JV below 50% for the first year following completion. After the first year, either party may sell its shares in the WIND JV to third parties after offering a right of first offer to the other party. Three years following the completion of the Italy Joint Venture, each shareholder can invoke a buy/sell mechanism at any time.

By combining their respective businesses, 3 Italia and WIND Italy expect to gain the scale and more efficient cost structure needed to enable them to continue to offer innovative, competitively-priced telecommunications services and to compete in the Italian market place. The combined business is expected to service over 31 million mobile customers and 2.8 million fixed-line customers, and is expected to improve customer experience due to dedicated investment. VimpelCom expects that the Italy Joint Venture will bring cost synergies, including through network consolidation, location optimization and more efficient distribution.

Completion of the Italy Joint Venture is subject to the satisfaction or waiver of certain conditions precedent, which include, among others, obtaining regulatory approvals, including EU competition approval, as well as regulatory clearances by competent Italian authorities. WIND Italy and 3 Italia will continue to operate separately pending completion. WIND Italy formally notified the European Commission of the Italy Joint Venture on February 5, 2016. On March 30, 2016, the European Commission commenced a Phase II review of the Italy Joint Venture pursuant to the EU Merger Regulation (Council Regulation (EC) No 139/2004). The Italy Joint Venture will not occur unless both VimpelCom and Hutchison have agreed to any conditions, obligations, undertakings and/or modifications that may be required by regulatory authorities in granting their approvals.

VimpelCom and Hutchison have agreed that their respective valuations of WIND Italy and 3 Italia are on the basis that the final net cash and working capital of each respective group is not less than the agreed target net cash and working capital of each respective group. At completion, any shortfall in the net cash and working capital of each respective group compared to the agreed target amounts will be determined and, if one group's shortfall amount is greater than the other group's shortfall amount, VimpelCom or Hutchison, as the case may be, will pay 50% of the shortfall difference to the other party or, alternatively, may elect to direct to the other party dividends from the WIND JV in an amount equal to 50% of the shortfall difference. After the transaction is completed, there are no additional obligations to contribute funds by either party.

Pursuant to the terms of the shareholders' deed, VimpelCom and Hutchison have provided for a clear corporate governance structure to ensure a successful joint venture with an experienced, combined management team, supported by a board of six members, three of whom will be nominated by each of VimpelCom and Hutchison, respectively, and various committees. The right to appoint the chairman of the board will rotate between VimpelCom and Hutchison every 18 months, and the chairman will have a casting vote on certain fundamental business matters to help ensure the continuity of the business. Pending completion, WIND Italy is accounted for as a discontinued operation. Following the completion of the Italy Joint Venture, VimpelCom will no longer consolidate the financial results of WIND Italy, whose results will be calculated using the equity method. See Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. Completion of the transaction is subject to the satisfaction or waiver of certain conditions precedent, including obtaining regulatory approvals, is expected to occur around the end of 2016, and is subject to a termination longstop date of 18 months from signing if the conditions to closing have not been satisfied or waived. WIND Italy and 3 Italia will continue to operate separately pending completion.

It is not yet reasonably possible to predict the impact on the income statement that this transaction might have upon closing. Following the reclassification, the intercompany positions, results and cash flows between the continued and discontinued operations are no longer eliminated. The positions are disclosed as Related Party transactions and balances. Furthermore, in connection with the reclassification, we no longer account for depreciation and amoritization expenses of our Italian assets. The Italy Joint Venture doesn't have any impact on VimpelCom's current liquidity, as liquidity available at the WIND Italy level is not available to VimpelCom due to covenants in WIND Italy's debt agreements. The Italy Joint Venture is expected to result in a reduction of VimpelCom's Net Debt/EBITDA ratio, thereby increasing VimpelCom's funding capacity within its Net Debt/ EBITDA covenant ratios, if and when needed.

Pakistan Merger

On November 26, 2015, WTPL, the parent company and majority shareholder of Warid, Bank Alfalah, International Wireless Communications Pakistan Limited (a wholly owned subsidiary of GTH) and PMCL entered into an agreement to merge their telecommunications businesses in Pakistan (the "Pakistan Merger"). WTPL and Bank Alfalah together will acquire approximately 15% of the shares of PMCL in exchange for the acquisition of 100% of the shares of Warid by PMCL and Warid will be subsequently merged into PMCL.

As of December 31, 2015, Warid was the fifth largest mobile operator in Pakistan, with an 8.5% market share, according to the Pakistan Telecommunication Authority. Warid is also currently developing its LTE network. The merged entity is expected to have population coverage of 81%, giving it the broadest 2G and one of the broadest 3G footprints in Pakistan, with the capability to accelerate focused investment in 4G/LTE. The combined business is expected to have around 10,000 towers and serve over 45 million customers.

VimpelCom believes that the Pakistan Merger will help PMCL drive ongoing improvements in NPS, given the focus on improving network experience and by building on Warid's current standing as the leading operator in terms of NPS. In addition to enhancing PMCL's network, VimpelCom believes that the expected synergies from the merger will improve PMCL's cash flows.

The board of the merged company will be composed of seven directors, six of whom will be nominated by VimpelCom. VimpelCom expects the Pakistan Merger to complete within six months of signing, subject to customary closing conditions and obtaining approvals from the relevant regulatory authorities in Pakistan, including the Pakistan Telecommunication Authority, the State Bank of Pakistan and the Securities and the Exchange Commission of Pakistan. The Competition Commission of Pakistan approval for the Pakistan Merger, also a closing condition, was obtained on March 16, 2016 (subject to certain remedial actions, which will not, we believe, have a significant impact on the combined business). The merger is expected to close within six months from the closing of the transaction subject to the fulfillment of required regulatory processes in Pakistan.

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 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 to 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 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.

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 the 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 Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Network and Tower Sharing Agreements

In December 2014, our wholly owned subsidiary, PJSC VimpelCom, entered into an agreement with MTS for the 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 for shared use in 19 regions, and PJSC VimpelCom will build and operate 4G/LTE base stations for shared use in 17 regions of Russia. Within the first seven years of the project, PJSC 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 the first year of the project, the operators launched shared 4G/LTE networks in 31 of the 36 regions.

In December 2015, PJSC VimpelCom and MTS signed an amendment to the December 2014 agreement described above. The amendment agreement provides for the sharing of 2600 MHz LTE frequencies in 20 of the 36 regions of Russia that were covered by the original 2014 agreement. In each of these regions, PJSC VimpelCom and MTS plan to share airwaves and radio frequency channels across all base stations that they jointly use pursuant to the 2014 agreement, and the amendment allows for further expansion of the list of regions covered by the agreement.

In December 2015, PJSC VimpelCom entered into an agreement with MegaFon for the joint planning, development and operation of 4G/LTE networks in ten regions of Russia. Under the terms of the agreement, MegaFon will build and operate 4G/LTE base stations for shared use in four regions, and PJSC VimpelCom will build and operate 4G/LTE base stations for shared use in six regions of Russia. Within the first seven years of the project, PJSC VimpelCom and MegaFon plan to share base stations, platforms, infrastructure and resources of the transportation network with each operator maintaining its own core network.

In March 2015, our wholly owned subsidiary, WIND Italy, sold 90% of the shares of its wholly owned towers subsidiary, Galata, to Cellnex. WIND Italy has a put option, and Cellnex has a call option, over the 10% of the share capital of Galata retained by WIND Italy. WIND Italy has a tower services agreement with Galata for an initial term of 15 years for the provision of a broad range of services on the sites contributed to Galata by WIND Italy and the sites subsequently built by Galata hosting WIND Italy's equipment. The result of the transaction is included as part of results of discontinued operations.

Macroeconomic and Political Risks Concerning Russia and Ukraine and Other Countries

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 both 2014 and 2015, 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 and 2015.

In addition, the significant devaluation of the Ukrainian hryvnia in 2015 (partly due to the National Bank of Ukraine's decision in February 2015 to suspend its interventions to support the currency), the Kazakh tenge in 2015 (in the absence of a currency stabilization policy in Kazakhstan) and the Algerian dinar in 2015, negatively impacted revenues in our Ukraine, Kazakhstan and Algeria segments, respectively, and our results of operations 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 further 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 Russia and 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 Customers

We offer both postpaid and prepaid services to mobile customers. As of December 31, 2015, the number of our mobile customers reached approximately 217.4 million (including Italy). Mobile customers are generally customers in the registered customer base as of a given measurement date who engaged in a revenue generating activity at any time during the three months prior to such measurement date. Such activity includes any outgoing calls, customer fee accruals, debits related to service, outgoing SMS and MMS, data transmission and receipt sessions, but does not include incoming calls, 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 13 months (with respect to new customers) or if they have recharged their mobile telephone credit in the last 13 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.

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,		
	2015	2014	2013
Russia	59.8	57.2	56.5
Algeria	17.0	17.7	17.6
Pakistan	36.2	38.5	37.6
Bangladesh	32.3	30.8	28.8
Ukraine	25.4	26.2	25.8
Kazakhstan	9.5	9.8	9.2
Uzbekistan	9.9	10.6	10.5
HQ and Others[2]	6.2	6.3	6.1
Italy	21.1	21.6	22.3
Total number of mobile customers (including Italy)[1]	**217.4**	**218.7**	**214.4**
Percentage of prepaid customers	93.8%	94.3%	92.4%

(1) The customer numbers for 2015, 2014 and 2013 have been adjusted to remove customers in operations that have been sold.
(2) Include operations in Kyrgyzstan, Armenia, Tajikistan, Georgia and Laos.

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 Algeria, Pakistan and Bangladesh segments measure mobile MOU based on billed minutes, which is calculated by the total number of minutes of usage for outgoing calls (and for Pakistan also includes minutes of usage generated from incoming revenue).

Our management does not analyze mobile MOU on a segment level in the HQ and Others segment 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 the HQ and Others segment 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-line 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. Mobile broadband customers in Kazakhstan and Uzbekistan (as well as in Kyrgyzstan, Armenia, Tajikistan and Georgia) 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.

Recent Accounting Pronouncements

Please refer to Note 3 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Results of Operations

Overview

Our total operating revenue was US$9,625 million for the year ended December 31, 2015, compared to US$13,517 million for the year ended December 31, 2014. Our operating profit was US$524 million for the year ended December 31, 2015, compared to US$1,873 million for the year ended December 31, 2014. The loss for the year attributable to the owners of the parent was US$655 million for the year ended December 31, 2015, compared to a loss of US$647 million for the year ended December 31, 2014.

We use the U.S. dollar as our reporting currency. The functional currencies of our group are the Russian ruble in Russia, 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 Kyrgyz som in Kyrgyzstan, the Armenian dram in the Republic of Armenia, the U.S. dollar in Tajikistan, the Georgian lari in Georgia, the Lao kip in Laos and the Euro in Italy.

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.

Consolidated results

Financial results for 2014 and 2013 are restated to reflect the classification of WIND Italy as a discontinued operation.

	Year ended December 31,		
	2015	2014	2013
	(In millions of US dollars)		
Service revenue	9,332	13,231	15,472
Sale of equipment and accessories	190	218	391
Other revenue	103	68	103
Total operating revenue	9,625	13,517	15,966
Operating expenses			
Service costs	1,956	2,962	3,595
Cost of equipment and accessories	231	252	438
Selling, general and administrative expenses	4,563	4,743	6,256
Depreciation	1,550	1,996	2,245
Amortization	517	647	808
Impairment loss	245	976	2,963
Loss on disposals of non-current assets	39	68	93
Total operating expenses	9,101	11,644	16,398
Operating profit	524	1,873	(432)
Finance costs	829	1,077	1,213
Finance income	(52)	(52)	(90)
Other non-operating losses/(gains)	42	(121)	(84)
Shares of loss/(profit) of associates and joint ventures accounted for using the equity method	(14)	38	159
Net foreign exchange (gain)/ loss	314	556	12
(Loss)/profit before tax	(595)	375	(1,642)
Income tax expense	220	598	1,813
(Loss)/profit for the year from continuing operations	(815)	(223)	(3,455)
(Loss)/profit after tax for the year from discontinued operations	262	(680)	(633)
(Loss)/profit for the year	(553)	(903)	(4,088)
Attributable to:			
The owners of the parent (continuing operations)	(917)	33	(1,992)
The owners of the parent (discontinued operations)	262	(680)	(633)
Non-controlling interest	102	(256)	(1,463)
	(553)	(903)	(4,088)

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

	Year ended December 31,		
	2015	2014	2013
Service revenue	97%	97%	97%
Sale of equipment and accessories	2%	2%	2%
Other revenue	1%	1%	1%
Total operating revenue	100.0%	100.0%	100.0%
Operating expenses			
Service costs	20%	22%	23%
Cost of equipment and accessories	2%	2%	3%
Selling, general and administrative expenses	47%	35%	39%
Depreciation	16%	15%	14%
Amortization	5%	5%	5%
Impairment loss	3%	7%	19%
Loss on disposals of non-current assets	1%	1%	1%
Total operating expenses	95%	86%	103%
Operating profit	5%	14%	(3)%
Finance costs	9%	8%	8%
Finance income	(1)%	(0)%	(1)%
Other non-operating losses/(gains)	1%	(1)%	(1)%
Shares of loss/(profit) of associates and joint ventures accounted for using the equity method	(0)%	0%	1%
Net foreign exchange (gain)/loss	3%	4%	0%
Profit/(loss) before tax	(6)%	3%	10%
Income tax expense	2%	4%	11%
(Loss)/profit for the year from continuing operations	(8)%	(2)%	(22)%
(Loss)/profit after tax for the year from discontinued operations	3%	(5)%	(4)%
Profit/(loss) for the year	(6)%	(7)%	(26)%
Attributable to:			
The owners of the parent	(7)%	(5)%	(16)%
Non-controlling interest	1%	(2)%	(9)%
	(6)%	(7)%	(26)%

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

	Year ended December 31,		
	2015	2014	2013
	(In millions of US dollars)		
Russia	4,602	7,459	9,109
Algeria	1,273	1,692	1,796
Pakistan	1,014	1,010	1,069
Bangladesh	604	563	504
Ukraine	622	1,062	1,610
Kazakhstan	598	755	839
Uzbekistan	711	718	673
HQ and Others			
Other Countries[1]	470	566	602
Intercompany eliminations and other	(269)	(308)	(236)
Total	9,625	13,517	15,966

(1) Total operating revenue for Kyrgyzstan, Armenia, Tajikistan, Georgia and Laos.

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:

	Year ended December 31,		
	2015	2014	2013
Russia	47.8%	55.2%	57.1%
Algeria	13.2%	12.5%	11.2%
Pakistan	10.5%	7.5%	6.7%
Bangladesh	6.3%	4.2%	3.2%
Ukraine	6.5%	7.9%	10.1%
Kazakhstan	6.2%	5.6%	5.3%
Uzbekistan	7.4%	5.3%	4.2%
HQ and Others			
Other Countries[1]	4.9%	4.2%	3.8%
Intercompany eliminations and other	(2.8)%	(2.4)%	(1.6)%
Total	**100.0 %**	**100.0%**	**100.0%**

(1) Total operating revenue for Kyrgyzstan, Armenia, Tajikistan, Georgia and Laos.

Segmentation of Adjusted EBITDA

	Year ended December 31,		
	2015	2014	2013
	(In millions of US dollars)		
Russia	1,825	2,980	3,815
Algeria	684	857	(212)
Pakistan	409	386	441
Bangladesh	242	219	187
Ukraine	292	484	781
Kazakhstan	276	349	390
Uzbekistan	437	461	347
HQ and Others			
Other Countries[1]	221	228	264
HQ and Other	(1,511)	(404)	(336)
Total	**2,875**	**5,560**	**5,677**

(1) Adjusted EBITDA for Kyrgyzstan, Armenia, Tajikistan, Georgia and Laos.

Revenue

During the three years ended December 31, 2015, 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 VAS 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 revenue from site sharing and other services provided by VimpelCom.

Expenses

Operating Expenses

During the three years ended December 31, 2015, 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, 2015, 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.

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, AB SEK, MosPRIME, KIBOR, Bangladeshi T-Bill and Bank of Algeria Re-Discount Rate. 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, taking into account the effect of hedges, 77% have fixed rates and 23% 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/(Gain)

The functional currencies of our group are the Russian ruble in Russia, 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 Kyrgyz som in Kyrgyzstan, the Armenian dram in the Republic of Armenia, the U.S. dollar in Tajikistan, the Georgian lari in Georgia, the Lao kip in Laos and the Euro in Italy. 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 2015, 2014 and 2013 was 20.0% for each country. In Algeria, the statutory income tax rate was 26% in 2015, 23% in 2014 and 25% in 2013. The statutory income tax rate in Pakistan was 32% in 2015, 33% in 2014 and 34% in 2013. The statutory income tax rate in Bangladesh was 45.0% in 2015, 2014 and 2013, respectively. The statutory income tax rate in Ukraine was 18% in 2015, 18% in 2014 and 19.0% in 2013. In Uzbekistan, the income tax rate was 7.5% in 2015, 8.0% in 2014 and 9.0% respectively in 2013 (and 8% local infrastructure development tax, which is assessed on income after corporate income tax). The statutory income tax rate in Kyrgyzstan in 2015, 2014 and 2013 was 10.0%. The statutory income tax rate in Georgia was 15.0% in 2015, 2014 and 2013 respectively. The statutory income tax rate in Luxembourg was 22.47% in 2015, 22.47% in 2014 and 22.05% in 2013 (and 6.75% regional tax, which is assessed on income). The statutory income tax rate in the Netherlands was respectively 25.0% in 2015, 2014 and 2013. The statutory tax rate of Tajikistan was 24.0% in 2015 and 25.0% in 2014 and 2013. The statutory income tax rate in Italy was 27.5% in 2015, 2014 and 2013 (and 4.82% in 2015, 4.55% in 2014 and 4.58% in 2013 as a regional tax, which is assessed on income).

Discontinued Operations

The line item discontinued operations represents the results of our operations in Italy, which is classified as an asset held for sale and discontinued operation. For more information, please see Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Total Operating Revenue

Our consolidated total operating revenue decreased by 29% to US$9,625 million during 2015 from US$13,517 million during 2014 primarily due to a decrease of total operating revenue of 38% in Russia, 25% in

Algeria and 41% in Ukraine, largely related to the depreciation of functional currencies against the U.S. dollar in 2015, as described in greater detail below. 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 22% to US$9,101 million during 2015 from US$11,644 million during 2014, and represented 95% and 86% of total operating revenue in 2015 and 2014, respectively. The decrease in absolute terms was primarily due to a decrease in service costs and cost of equipment and accessories of US$1,027 million, lower impairment losses by US$731 million and a decrease in depreciation and amortization expenses of US$576 million. Such decreases in 2015 compared to 2014, were largely related to depreciation of functional currencies against the U.S. dollar in 2015, partially offset by recognized exceptional items in a total amount of US$1,051 million in 2015, including the US$900 million Uzbekistan provision in connection with the investigations by the SEC, DOJ and OM and transformation costs of US$138 million related to our performance transformation program. In 2014, we recognized exceptional items in a total amount of US$65 million, mainly related to the closing of the Algeria Transaction.

Service Costs

Our consolidated service costs decreased by 34% to US$1,956 million during 2015 from US$2,962 million during 2014. As a percentage of consolidated total operating revenue, our service costs decreased to 20% during 2015 from 22% during 2014. The decrease in absolute terms was primarily due to decreased revenues related to currency devaluations of functional currencies against the U.S. dollar.

Cost of Equipment and Accessories

Our consolidated cost of equipment and accessories decreased by 8% to US$231 million in 2015 from US$252 million in 2014. This decrease was primarily due to a devaluation of functional currencies against the U.S. dollar.

Selling, General and Administrative Expenses

Our consolidated selling, general and administrative expenses decreased by 4% to US$4,563 million during 2015 from US$4,743 million during 2014. This decrease was primarily due to the depreciation of functional currencies against the U.S. dollar, partially offset by recognized exceptional items in a total amount of US$1,051 million in 2015, including the US$900 million Uzbekistan provision in connection with the investigations by the SEC, DOJ and OM and transformation costs of US$138 million related to our performance transformation program. In 2014, we recognized exceptional items in a total amount of US$65 million, mainly related to the closing of the Algeria Transaction. For more information about our provisions, see Note 24 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. As a percentage of consolidated total operating revenue, our consolidated selling, general and administrative expenses increased to 47% in 2015 from 35% in 2014, mainly due to the exceptional items mentioned above.

Adjusted EBITDA

Our consolidated adjusted EBITDA decreased by 48% to US$2,875 million during 2015 from US$5,560 million during 2014, primarily due to decreased revenues related to currency devaluations and the exceptional items mentioned above.

Depreciation and Amortization Expenses

Our consolidated depreciation and amortization expenses decreased by 22% to US$2,067 million in 2015 from US$2,643 million in 2014. The decrease was primarily the result of depreciation of our functional currencies against the U.S. dollar.

Impairment Loss

Our consolidated impairment loss was US$245 million in 2015 compared to US$976 million in 2014. The impairment loss in 2015 primarily related to impairment of obsolete network equipment in Pakistan of US$ 52 million, in Russia of US$ 28 million, obsolete network equipment and goodwill in Ukraine of US$66 million and impairment of goodwill in Armenia of US$ 44 million. 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 partially offset by an impairment release as a result of the sale of our debt and equity interest in Wind Canada of US$110 million.

Loss on Disposals of Non-current Assets

Our consolidated loss on disposals of non-current assets decreased by 29% to US$39 million during 2015 from US$68 million during 2014, primarily due to depreciation of our functional currencies against the U.S. dollar.

Operating Profit

Our consolidated operating profit decreased to US$524 million in 2015 from US$1,873 million in 2014 due to an overall decrease in revenue and the exceptional items mentioned above, offset by lower impairment. Our consolidated operating profit as a percentage of total operating revenue in 2015 decreased to 5% from 14% in 2014.

Non-operating Profits and Losses

Finance Costs and Finance Income

Our consolidated finance costs decreased by 23% to US$829 million in 2015 from US$1,077 million in 2014, primarily due to a decrease in interest expense as a result of the redemption of certain bonds in April 2015 through a cash tender offer by VimpelCom Amsterdam B.V. that resulted in the repurchase of US$1,838 million of bonds, as well as lower U.S. dollar equivalents of ruble-denominated interest expenses as a result of the ruble depreciation. Our consolidated finance income remained at US$52 million in 2015.

Other Non-operating Losses/(Gains)

We recorded US$42 million in other non-operating losses during 2015 compared to US$121 million in gains during 2014. The change was primarily due to the positive movement in fair value of other derivatives of US$114 million recorded in 2014.

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

We recorded a profit of US$14 million from our equity in associates and joint ventures in 2015 compared to a loss of US$38 million in 2014. The change was primarily due to the improved results of Euroset and the loss recorded on the sale of Wind Canada in 2014.

Net Foreign Exchange (Gain)/Loss

We recorded a loss of US$314 million from foreign currency exchange in 2015 compared to a loss of US$556 million from foreign currency exchange in 2014. The loss in 2015 was primarily due to a revaluation of our U.S. dollar net financial liabilities in both Russia and Ukraine primarily due to depreciation of the Russian ruble and the Ukrainian hryvnia against the U.S. dollar in 2015. The loss in 2014 was primarily due to revaluation of our U.S. dollar net financial liabilities in Russia due to depreciation of the Russian ruble against the U.S. dollar in 2014.

Income Tax Expense

Our consolidated income tax expense decreased by 63% to US$220 million in 2015 from US$598 million in 2014. The decrease in income taxes was primarily due to a decrease in provisions for future withholding taxes on intercompany dividends booked in 2015. In addition, our income tax expenses were higher in 2014 due to the tax consequences relating to the Algeria Transaction that were recorded in 2014.

(Loss)/profit for the year from continuing operations

In 2015, our consolidated loss for the year from continuing operations was US$815 million, compared to US$223 million of loss for 2014. The loss for 2015 was primarily attributable to exceptional items in total amount of US$1,051 million described above. See "—Recent Developments and Trends—Investigations" and Note 24 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

(Loss)/profit after tax for the year from discontinued operations

In 2015, our consolidated profit after tax for the year from discontinued operations, which is comprised primarily of our operations in Italy, was US$262 million, compared to US$680 million of loss for 2014. In functional currency terms, total operating revenue in Italy decreased by 4% in 2015 compared to 2014, primarily due to a decrease in our mobile revenues and a decrease in fixed-line revenues, attributable to a decline in voice volumes and a decrease in indirect customer base (subscribers who access WIND's network through Telecom Italia's network but who are managed commercially by WIND, including both corporate and consumer subscribers). The 2015 results were positively influenced by the net effect of WIND Italy's sale of 90% of the shares of its towers subsidiary, Galata, to Cellnex in the first quarter 2015 and a reduction in financial expenses resulting from refinancing activities carried out in 2014 and 2015.

Profit for the Year Attributable to the Owners of the Parent

In 2015, the consolidated loss for the year attributable to the owners of the parent was US$655 million compared to a loss of US$647 million in 2014. The movement was mainly due to an overall decrease in revenue and the exceptional items mentioned above.

Profit for the Year Attributable to Non-controlling Interest

Our profit for the year attributable to non-controlling interest was US$102 million in 2015 compared to a loss of US$256 million in 2014, mainly due to the profit recorded at GTH level. This primarily relates to the Algerian results and the change in ownership that occurred during 2015.

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

Total Operating Revenue

Our consolidated total operating revenue decreased by 15% to US$13,517 million during 2014 from US$15,966 million during 2013 primarily due to depreciation of the functional currencies of all operations, lower

sale of equipment and accessories, as well as the impact of macroeconomic developments in Russia, Ukraine and Pakistan, as well as 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 29% to US$11,644 million during 2014 from US$16,398 million during 2013, and represented 86% and 103% of total operating revenue in 2014 and 2013, respectively. This decrease was primarily due to depreciation of the functional currencies of all operations, a decrease in service costs of US$633 million, a decrease in selling, general and administrative expenses of US$1,513 million and lower impairment losses of US$1,987 million.

Service Costs

Our consolidated service costs decreased by 18% to US$2,962 million during 2014 from US$3,595 million during 2013. As a percentage of consolidated total operating revenue, our service costs decreased to 22% during 2014 from 23% 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 42% to US$252 million in 2014 from US$438 million in 2013 due to the depreciation of the functional currencies of our operations and decreased sales of equipment and accessories in Russia.

Selling, General and Administrative Expenses

Our consolidated selling, general and administrative expenses decreased by 24% to US$4,743 million during 2014 from US$6,256 million during 2013. This decrease was primarily due to the depreciation of the functional currencies of all operations and operational excellence programs, partially offset by an increase in frequency fees in Ukraine and higher network costs in Algeria, Pakistan and Bangladesh due to 3G rollout. In addition, in 2013 a provision of litigation was recorded for the Bank of Algeria claim, while in 2014 a provision was recorded for settlement with Cevital. As a percentage of consolidated total operating revenue, our consolidated selling, general and administrative expenses decreased to 35% in 2014 from 39% in 2013.

Adjusted EBITDA

Our consolidated adjusted EBITDA decreased by 2% to US$5,560 million during 2014 from US$5,677 million during 2013, primarily due to an overall decrease in revenue, partially offset by lower service costs and lower selling, general and administrative expenses.

Depreciation and Amortization Expenses

Our consolidated depreciation and amortization expenses decreased by 13% to US$2,643 million in 2014 from US$3,053 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 Algeria due to a reduction in the charge on customer relationships recognized as part of our acquisition of Wind Telecom S.p.A. in 2011, 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$976 million in 2014 in comparison with US$2,963 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 partially 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 27% to US$68 million during 2014 from US$93 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$1,873 million in 2014 from an operating loss of US$432 million in 2013 due to the reasons described above, primarily lower impairment losses in 2014 and a one-off charge for the Bank of Algeria claim in 2013.

Non-operating Profits and Losses

Finance Costs and Finance Income

Our consolidated finance costs decreased by 11% to US$1,077 million in 2014 from US$1,213 million in 2013, primarily due to lower U.S. dollar equivalents of ruble-denominated interest expenses as a result of the ruble depreciation. Our consolidated finance income decreased by 42% to US$52 million in 2014 from US$90 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$121 million in other non-operating gains during 2014 compared to US$84 million in gains during 2013. The change was primarily due to the positive movement in fair value of other derivatives of US$114 million while in 2013 we had gains recorded for indemnity claims of US$84 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 and joint ventures 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 loans to Wind Canada in 2013.

Net Foreign Exchange (Gain)/Loss

We recorded a loss of US$556 million from foreign currency exchange in 2014 compared to US$12 million foreign currency exchange loss in 2013. The loss in 2014 was primarily due to revaluation of our U.S. dollar financial liabilities primarily due to depreciation of the ruble to the U.S. dollar in 2014 and revaluation of our U.S. dollar financial assets due to depreciation of the ruble to the U.S. dollar in 2013.

Income Tax Expense

Our consolidated income tax expense decreased by 67% to US$598 million in 2014 from US$1,813 million in 2013. The decrease in income taxes was primarily due to lower profits in Russia in 2014 and one-off withholding tax charges over the accumulated earnings that were booked in 2013. The one-off charges booked in 2013 mainly related to withholding tax on anticipated dividend distribution by our subsidiaries in Russia and Algeria. In addition, the 2013 tax position includes the 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.

(Loss)/profit for the year from continuing operations

In 2014, our consolidated loss for the year from continuing operations was US$223 million, compared to US$3,455 million of loss for 2013. The movement was primarily attributable to the lower impairment losses in 2014 and a one-off charge for the Bank of Algeria claim in 2013.

(Loss)/profit after tax for the year from discontinued operations

In 2014, our consolidated loss after tax for the year from discontinued operations was US$680 million, compared to US$633 million of loss for 2013. The higher loss is mainly due to lower EBITDA and an increase in net finance expenses as a result of higher one-off interest expense subsequent to the refinancing transactions, completed in April and July 2014.

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 a US$2,625 million loss in 2013. The movement was due to losses for the year as a result of above mentioned factors, substantially 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 Algeria Transaction in 2013.

Russia

Results of operations in US$

	Year ended December 31,			'14 – '15 % change US$	'14 – '15 % change functional currency	'13 – '14% change US$	'13 – '14% change functional currency
	2015	2014	2013				
	(In millions of US dollars)						
Service revenue	4,433	7,249	8,745	(38.8)%	(2.0)%	(17.1)%	(1.8)%
Sale of equipment and accessories	162	197	350	(17.7)%	27.2%	(43.8)%	(28.5)%
Other revenue	7	14	15	(48.5)%	(15.8)%	(6.7)%	11.5%
Total operating revenue	**4,602**	**7,459**	**9,109**	**(38.3)%**	**(1.2)%**	**(18.1)%**	**(2.8)%**
Operating expenses							
Service costs	1,232	2,073	2,434	(40.6)%	(5.0)%	(14.8)%	1.4%
Cost of equipment and accessories	193	221	381	(12.6)%	37.3%	(41.9)%	(27.3)%
Selling, general and administrative expenses	1,352	2,185	2,479	(38.1)%	(1.4)%	(11.8)%	4.6%
Adjusted EBITDA	**1,825**	**2,980**	**3,815**	**(38.8)%**	**(1.5)%**	**(21.9)%**	**(7.8)%**

Results of operations in RUB

	Year ended December 31,		
	2015	2014	2013
	(In millions of RUB)		
Service revenue	267,966	273,502	278,432
Sale of equipment and accessories	10,027	7,881	11,016
Other revenue	434	516	462
Total operating revenue	**278,427**	**281,898**	**289,910**
Operating expenses			
Service costs	74,655	78,579	77,491
Cost of equipment and accessories	12,007	8,747	12,032
Selling, general and administrative expenses	81,620	82,636	78,965
Adjusted EBITDA	**110,145**	**111,935**	**121,422**

Certain Performance Indicators

	Year ended December 31,		
	2015	2014	2013
Mobile			
Customers (end of the period; in millions)	59.8	57.2	56.5
ARPU in USD	5.2	8.6	10.6
ARPU in RUB	314	323	338
MOU in minutes	311	304	291
Annual churn (as a percentage)	53.8	60.1	63.9
Broadband customers (end of the period; in millions)	4.0	3.7	3.1
Fixed-Line			
Broadband customers (end of the period; in millions)	2.2	2.3	2.3

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Our total operating revenue in Russia decreased by 38.3% to US$4,602 million in 2015 compared to US$7,459 million in 2014 mainly due to depreciation of the ruble against the U.S. dollar, as nearly all revenue generated by our operations in Russia are denominated in rubles. In functional currency terms, total operating revenue in Russia decreased by 1.2% due to a targeted shift away from lower margin traffic-termination revenue. Despite the macroeconomic slowdown in Russia, mobile data revenue increased by 17% due to the trend of increased data use. Our Russia total operating revenue consists of both mobile and fixed-line services.

Mobile Revenue

Our total mobile operating revenue in Russia decreased by 36.8% to US$3,836 million in 2015 from US$6,071 million in 2014. In functional currency terms, total mobile operating revenue increased by 1.2%.

During 2015, we generated US$1,817 million of our Russia segment service revenue from mobile voice services (i.e., 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 47.4% of the total mobile operating revenue in our Russia segment, compared to US$3,095 million, or 51.0% of the total mobile operating revenue in 2014. In U.S. dollars terms, our mobile voice services revenue in Russia decreased by 41.3%. In functional currency terms, it decreased by 5.7% due to a reduction in average price per minute (APPM), as existing customers migrated to new price plans.

During 2015, we generated US$1,243 million of our Russia segment service revenue from VAS, including data revenue, or 32.4% of the total mobile operating revenue in our Russia segment, compared to US$1,820 million, or 30.0% of the total mobile operating revenue in our Russia segment, in 2014. In U.S. dollars terms, the decrease was 31.7%, while in functional currency terms, our Russia segment service revenue from VAS, including data revenue, increased by 9.3% during 2015 compared to 2014, primarily due to increased data usage in line with the trend seen in 2015.

During 2015, we generated US$611 million of our Russia segment service revenue from interconnect fees, or 15.9% of the total mobile operating revenue in our Russia segment, compared to US$961 million, or 15.8% of the total mobile operating revenue in our Russia segment, in 2014. In U.S. dollars terms, the decrease was 36.4%, while in functional currency terms, our Russia segment service revenue from interconnect fees increased by 1.9% during 2015 compared to 2014, primarily due to the favorable impact of the ruble/U.S. dollar exchange rate in interconnection agreements with international operators based on U.S. dollar terms partially offset by a decline in local incoming traffic.

Our total mobile operating revenue in our Russia segment also included revenue from sales of equipment and accessories and other revenue. During 2015, revenue from sales of equipment and accessories and other revenue in Russia decreased by 15.8% to US$164 million, or 4.3% of the total mobile operating revenue in our Russia segment in 2015, from US$195 million, or 3.2% of the total mobile operating revenue in our Russia segment, in 2014. In functional currency terms, our Russia segment sales of equipment and accessories and other revenue increased by 29.8% during 2015 compared to 2014, primarily as a result of the active promotion of device sales.

Fixed-line Revenue

In 2015, our total operating revenue from our fixed-line services in Russia decreased by 44.8% to US$766 million from US$1,388 million in 2014. Our total operating revenue from fixed-line services in Russia in 2015 consisted of US$317 million generated from business operations, US$246 million generated from wholesale operations and US$203 million generated from residential and FTTB operations. In functional currency terms, our total operating revenue from our Russia fixed-line services decreased by 12.8% during 2015 compared to 2014, primarily due to a targeted shift away from lower margin traffic and the macroeconomic slowdown.

Adjusted EBITDA

Our Russia adjusted EBITDA decreased by 38.8% to US$1,825 million in 2015 compared to US$2,980 million in 2014. In functional currency terms, our Russia adjusted EBITDA decreased by 1.5%, primarily as a result of negative foreign exchange effect on roaming and interconnect costs. In functional currency terms, adjusted EBITDA margin in 2015 in our Russia segment was 39.6%, which is 0.1 percentage points below adjusted EBITDA margin in 2014. The decrease was primarily due to the negative effect of the depreciation of the ruble against the U.S. dollar.

Certain Performance Indicators

As of December 31, 2015, we had approximately 59.8 million mobile customers in Russia, representing an increase of 4.5% from approximately 57.2 million mobile customers as of December 31, 2014. Our mobile customer growth in Russia in 2015 was mainly due to improved customer retention linked to product improvements, loyalty program developments and the promotion of new bundled price plans. We also strengthened our distribution channels through the roll out of owned mono-brandstores, the acquisition of franchise stores and the growth of sales through Svyaznoy (a large independent handset retailer in Russia).

In 2015, our mobile ARPU in Russia decreased by 39.7% to US$5.2 compared to US$8.6 in 2014, primarily as a result of foreign exchange effects. In functional currency terms, mobile ARPU in Russia decreased by 3% in 2015 compared to 2014, due to lower voice and roaming revenue attributed to an APPM reduction as existing customers migrated to new price plans.

In 2015, our mobile MOU in Russia increased by 2.4% to 311 from 304 in 2014, primarily as a result of on-net traffic growth caused by migration of customers to the new offers and bundles.

In 2015, our mobile churn rate in Russia decreased to 53.8% compared to 60.1% in 2014, primarily due to a focus on customer loyalty and the addition of high quality customers.

The fixed-line broadband customers are mainly represented by FTTB customers. As of December 31, 2015, we had approximately 2.2 million fixed-line customers in Russia, compared to approximately 2.3 million fixed-line customers as of December 31, 2014. The decrease was primarily due to our strategy of focusing on profitable customers and therefore maximizing cash flow.

As of December 31, 2015, we had approximately 4.0 million mobile broadband customers using USB modems in Russia, representing an increase of approximately 10.1% from the approximately 3.7 million mobile broadband customers as of December 31, 2014. The increase was mainly due to an improved churn rate.

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 in 2014 compared to 2013 mainly due to the negative effect of the depreciation of the ruble against the U.S. 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 of mobile services and fixed-line services.

Mobile Revenue

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

In 2014, we generated US$3,095 million of our Russia segment service revenue from mobile voice services (i.e., airtime charges from mobile postpaid and prepaid customers, including monthly contract fees and roaming fees, as well as 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 our Russia segment in 2013. In U.S. dollars terms, our mobile voice services revenue in Russia decreased by 21.1%. In functional currency terms, it decreased by 7.0% due to decreased ARPU, caused by natural APPM deterioration and roaming decline.

In 2014, we generated US$1,820 million of our Russia segment service revenue from VAS, 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 our Russia segment during 2013. In U.S. dollars terms, the decrease was 13.3%, while in functional currency terms, our Russia segment service revenue from VAS, 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 VAS related to the measures taken to eliminate unrequested services from content providers to our customers.

In 2014, we generated US$961 million of our Russia segment service revenue from interconnect fees, 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 fees decreased by 2.7% during 2014 compared to 2013, primarily due to a decreased volume of incoming traffic from other operators.

Our total mobile operating revenue in our Russia segment also included revenue from sales of equipment and accessories and other mobile revenue. In 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 and other revenue decreased by 27.7% in 2014 compared to 2013, primarily as a result of decreased sales of devices (such as iPhones).

Fixed-line Revenue

In 2014, our total operating 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 total operating 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 the favorable impact of the ruble/U.S. dollar exchange rate in fixed-line contracts based on U.S. dollar terms.

Adjusted EBITDA

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

Certain Performance Indicators

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 to our high-speed data network.

In 2014, our mobile ARPU in Russia decreased by 19.1% to US$8.6 compared to 2013, primarily as a result of depreciation of the 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 to our customers.

In 2014, our mobile MOU in Russia increased by 4.3% to 304 from 291 in 2013, primarily as a result of the 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 due to 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.

Algeria

Results of operations in US$

	Year ended December 31,			'14 – '15 % change US$	'14 – '15 % change functional currency	'13 – '14 % change US$	'13 – '14 % change functional currency
	2015	2014	2013				
	(In millions of US dollars)						
Service revenue	1,259	1,678	1,790	(25.0)%	(6.6)%	(6.3)%	(5.6)%
Sale of equipment and accessories	13	12	6	7.5%	35.6%	103.4%	117.9%
Other revenue	1	2	—	(30.7)%	(15.1)%	100.0%	100.0%
Total operating revenue	**1,273**	**1,692**	**1,796**	**(24.7)%**	**(6.2)%**	**(5.8)%**	**(4.9)%**
Operating expenses							
Service costs	242	328	346	(24.5)%	(6.1)%	(7.5)%	(8.1)%
Cost of equipment and accessories	17	12	6	44.1%	82.0%	102.0%	103.8%
Selling, general and administrative expenses	330	495	1,656	(34.2)%	(19.3)%	(69.7)%	(68.5)%
Adjusted EBITDA	**684**	**857**	**(212)**	**(20.2)%**	**(0.7)%**	**(504.3)%**	**(560.0)%**

Results of operations in DZD

	Year ended December 31,		
	2015	2014	2013
	(In billions of DZD)		
Service revenue	127	135	143
Sale of equipment and accessories	1	1	—
Other revenue	—	—	—
Total operating revenue	**128**	**136**	**143**
Operating expenses			
Service costs	24	26	28
Cost of equipment and accessories	2	1	—
Selling, general and administrative expenses	33	40	130
Adjusted EBITDA	**69**	**69**	**(15)**

Certain Performance Indicators

	Year ended December 31,		
	2015	2014	2013
Mobile			
Customers (end of the period; in millions)	17.0	17.7	17.6
ARPU in USD	6.0	7.9	8.4
ARPU in DZD	603	636	693
MOU in minutes	209	210	216
Annual churn (as a percentage)	38.5	28	31.6

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Our Algeria total operating revenue decreased by 24.7% to US$1,273 million in 2015 compared to US$1,692 million in 2014 mainly due to the depreciation of the Algerian dinar against the U.S. dollar. In

functional currency terms, total operating revenue in Algeria decreased by 6.2% due to aggressive price competition, device promotion by competitors and delays in the launch of OTA's 3G network. Our Algeria total operating revenue consists of revenue from providing mobile services.

Mobile Revenue

In 2015, we generated US$1,041 million of our Algeria segment service revenue from mobile voice services (i.e., airtime charges from mobile contract and prepaid customers, including monthly contract fees and roaming fees, as well as roaming fees received from other mobile service operators for providing roaming services to their customers), or 81.7% of our total operating revenue in our Algeria segment, compared to US$1,442 million, or 85.2% of the total operating revenue in our Algeria segment, in 2014. In U.S. dollar terms, our mobile voice services revenue in Algeria decreased by 27.8% as a result of the depreciation of the Algerian dinar against U.S. dollar. In functional currency terms, it decreased by 10.2% due to decreased voice ARPU resulting primarily from aggressive price competition.

In 2015, we generated US$99 million of our Algeria segment service revenue from interconnect fees, or 7.8% of the total operating revenue in our Algeria segment, compared to US$120 million, or 7.1% of the total operating revenue in our Algeria segment, in 2014. In U.S. dollar terms, our Algeria segment service revenue from interconnect fees decreased by 17.6%, while in functional currency terms, it increased by 3.1%, due to an increase in the MTRs set by the regulator in Algeria for OTA from DZD 0.96 per minute to DZD 1.1 (approximately US$0.01 to US$0.011 as of December 31, 2015) per minute.

In 2015, we generated US$108 million of our Algeria segment service revenue from VAS, including data revenue, or 8.4% of the total operating revenue in our Algeria segment, compared to US$102 million, or 6.0% of the total operating revenue in our Algeria segment, in 2014. In U.S. dollar terms, our Algeria segment service revenue from VAS, including data revenue, increased by 5.1%, while in functional currency terms, it increased by 31.3%, due to increased data usage in terms of amount of MB used and number of data users (2.9 million users in 2015 compared with 0.8 million users in 2014).

Our total operating revenue in our Algeria segment also includes revenue from sales of equipment and accessories and other revenue. During 2015, revenue from sales of equipment and accessories and other revenue in Algeria was US$14 million, whereas in 2014 revenue from sales of equipment and accessories and other revenue was US$14 million. In functional currency terms, our Algeria segment sales of equipment and accessories and other revenue increased by 28.3%, primarily as a result of subsidies offered and device promotions launched during 2015.

Adjusted EBITDA

Our Algeria adjusted EBITDA decreased by 20.2% to US$684 million in 2015 compared to US$857 million in 2014. In functional currency terms, our Algeria adjusted EBITDA remained stable in 2015, primarily due to a decrease in total revenues (DZD 8,600 million (approximately US$86 million)), offset by a decrease in operating expenses (DZD 8,700 million (approximately US$87 million)) due to a one-off charge recorded in 2014 related to a provision for Cevital litigation of DZD 4,300 million (approximately US$53 million). In 2015, we recorded a one-off charge of DZD 120 million (approximately US$12 million) related to the performance transformation program, as well as a decrease in certain expenses such as personnel costs, security and billing in relation to operational improvements.

Certain Performance Indicators

As of December 31, 2015, we had approximately 17.0 million customers in our Algeria segment, in comparison with 17.7 million customers as of December 31, 2014. The 3.9% decrease was mainly due to a reduction of high-value customers.

We did not have broadband customers in Algeria as of December 31, 2015.

In 2015, our mobile ARPU in Algeria decreased by 23.8% to US$6.0 compared to US$ 7.9 in 2014. In functional currency terms, our mobile ARPU in Algeria decreased by 5.2%, mainly due to aggressive price competition.

In 2015, our mobile MOU in Algeria was mostly stable, slightly decreasing by 0.5% to 209 from 210 in 2014. This decrease was due to a slight decrease in total traffic (44.5 billion minutes in 2014 compared to 43.5 billion minutes in 2015) coupled with a slight decrease in average customer base (17.6 million in 2014 compared to 17.3 million in 2015).

In 2015, our mobile churn rate in Algeria increased to 38.5% compared to 28.0% in 2014 due to increased competitive pressure and the continued loss of high-value customers in 2015 as a result of delays in the launch of our 3G network compared to our competitors.

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

Our Algeria total operating revenue decreased by 5.8% to US$1,692 million in 2014 compared to US$1,796 million in 2013. In functional currency terms, total operating revenue in Algeria decreased by 4.9%. 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 compared to our competitors and adverse regulatory actions.

Mobile Revenue

In 2014, we generated US$1,442 million of our Algeria segment service revenue from mobile voice services (i.e., 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. In U.S. dollar terms, our Algeria segment service revenue from mobile voice services decreased by 7.8%, while in functional currency terms it decreased by 6.9%. The decrease in service revenue from mobile voice services in our Algeria segment was primarily due to the delayed roll out of our 3G network compared to that of our competitors.

In 2014, we generated US$120 million of our Algeria segment 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. In U.S. dollar terms, our Algeria segment service revenue from interconnect fees decreased by 4.5%, while in functional currency terms it decreased by 3.5%. The decrease during 2014 compared to 2013 was due to lower traffic terminated on our network.

In 2014, we generated US$102 million of our Algeria segment service revenue from VAS, 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. In U.S. dollar terms, our Algeria segment service revenue from VAS increased by 11.1%, while in functional currency terms it increased by 12.2%. The increase in 2014 compared to 2013 was due to the launch of the 3G network in 2014 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. In 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. In U.S. dollar terms, revenue from sales of equipment and accessories and other revenue increased by 152.0%, while in functional currency terms it increased by 154.8% due to handsets promotion.

Adjusted EBITDA

Our Algeria adjusted EBITDA increased by US$1,069 million to US$857 million in 2014 compared to 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 the settlement of litigation with Cevital, increased network maintenance expenses due to the roll out of our 3G network and an overall decrease in revenue.

Certain Performance Indicators

As of December 31, 2014, we had approximately 17.7 million customers in our Algeria segment, in comparison with 17.6 million customers as of December 31, 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 6.0% to US$7.9 compared to 2013. In functional currency terms, it decreased by 8.2%. The decrease was 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 2.8% to 210 from 216 in 2013 mainly due to lower customer usage patterns and a shift of a portion of the usage to certain competitors after their 3G launch.

In 2014, our mobile churn rate in Algeria decreased to 28.0% compared to 31.6% in 2013 due to the quality of acquired customers as a result of the promotion launched in the third quarter of 2014.

Pakistan

Results of operations in US$

	Year ended December 31,			'14 – '15 % change US$	'14 – '15 % change functional currency	'13 – '14 % change US$	'13 – '14 % change functional currency
	2015	2014	2013				
	(In millions of US dollars)						
Service revenue	960	966	1,029	(0.7)%	1.1%	(6.1)%	(6.4)%
Sale of equipment and accessories	2	1	2	218.5%	224.1%	(60.2)%	(59.5)%
Other revenue	52	43	38	18.7%	20.9%	13.2%	12.5%
Total operating revenue	**1,014**	**1,010**	**1,069**	**0.3%**	**2.1%**	**(5.5)%**	**(5.8)%**
Operating expenses							
Service costs	135	152	167	(11.4)%	(9.9)%	(8.8)%	(8.9)%
Cost of equipment and accessories	3	1	4	263.2%	270.9%	(77.5)%	(77.5)%
Selling, general and administrative expenses	467	471	457	(1.0)%	0.9%	3.1%	2.5%
Adjusted EBITDA	**409**	**386**	**441**	**5.9%**	**7.7%**	**(12.4)%**	**(12.6)%**

Results of operations in PKR

	Year ended December 31,		
	2015	2014	2013
	(In billions of PKR)		
Service revenue	99	98	104
Sale of equipment and accessories	—	—	—
Other revenue	5	4	4
Total operating revenue	**104**	**102**	**108**
Operating expenses			
Service costs	14	15	17
Cost of equipment and accessories	—	—	—
Selling, general and administrative expenses	48	48	46
Adjusted EBITDA	**42**	**39**	**45**

Certain Performance Indicators

	Year ended December 31,		
	2015	2014	2013
Mobile			
Customers (end of the period; in millions)	36.2	38.5	37.6
ARPU in USD	2.1	2.1	2.3
ARPU in PKR	213	209	234
MOU in minutes[1]	336	238	226
Annual churn (as a percentage)	33.3	26.0	23.0

(1) Amounts includes minutes of usage generated from incoming revenue.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Our Pakistan total operating revenue increased by 0.3% to US$1,014 million in 2015 compared to US$1,010 million in 2014. In functional currency terms, total operating revenue in Pakistan increased by 2.1% due to data revenue growth and higher MFS revenue, which was partially offset by a decline in voice revenue caused by changes to hybrid offerings with decreased voice content. Our Pakistan total operating revenue consists of revenue from providing mobile services.

Mobile Revenue

In 2015, we generated US$614 million of our Pakistan segment service revenue from mobile voice services (i.e., airtime charges from mobile contract and prepaid customers, including monthly contract fees and roaming fees, as well as roaming fees received from other mobile service operators for providing roaming services to their customers), or 60.5% of the total operating revenue in our Pakistan segment, compared to US$653 million, or 64.7% of the total operating revenue in our Pakistan segment, in 2014. In U.S. dollar terms, our mobile voice services revenue in Pakistan decreased by 6.0%. In functional currency terms, it decreased by 4.3%, primarily due to a decline in voice revenue caused by changes to hybrid offerings with decreased voice content.

In 2015, we generated US$132 million of our Pakistan segment service revenue from interconnect fees, or 13.0% of the total operating revenue in our Pakistan segment, compared to US$135 million, or 13.4% of the total operating revenue in our Pakistan segment, in 2014. In U.S. dollar terms, our Pakistan segment service revenue from interconnect fees decreased by 2.5%, while in functional currency terms, it decreased by 0.8%, due to lower local incoming traffic.

In 2015, we generated US$214 million of our Pakistan segment service revenue from VAS, including data revenue, or 21.1% of the total operating revenue in our Pakistan segment, compared to US$178 million, or 17.6% of the total operating revenue in our Pakistan segment, in 2014. In U.S. dollar terms, our Pakistan segment service revenue from VAS, including data revenue, increased by 20.2%, while in functional currency terms, it increased by 22.4%, due to data and MFS revenues growth, as a result of successful retail promotions and an increased footprint for our MFS agents in Pakistan.

Our total operating revenue in our Pakistan segment also includes revenue from sales of equipment and accessories and other revenue. In 2015, revenue from sales of equipment and accessories and other revenue in Pakistan was US$54 million compared to US$44 million in 2014. In functional currency terms, our Pakistan segment sales of equipment and accessories and other revenue increased by 24.1%, primarily as a result of an increase in revenues from site sharing and other services such as leasing lines, DSL and wireless internet.

Adjusted EBITDA

Our Pakistan adjusted EBITDA increased by 5.9% to US$409 million in 2015 compared to US$386 million in 2014. In functional currency terms, our Pakistan adjusted EBITDA increased by 7.7% in 2015, primarily due to slightly higher revenue and lower service costs as a result of cost efficiency initiatives, mainly in procurement and utilities. In functional currency terms, adjusted EBITDA margin in 2015 in our Pakistan segment was 40.4%, which is 2.2 percentage points higher than adjusted EBITDA margin in 2014.

Certain Performance Indicators

As of December 31, 2015, we had approximately 36.2 million customers in Pakistan, representing a decrease from 38.5 million customers as of December 31, 2014, primarily due to the required disconnection of approximately 5.6 million customers in May 2015 resulting from the implementation of the regulator's SIM card re-verification procedures (see "Item 3—Key Information—D. Risk Factors—Legal and Regulatory Risks—New or proposed changes to laws or new interpretations of existing laws in the markets in which we operate may harm our business").

We did not have a significant number of broadband customers in Pakistan as of December 31, 2015.

In 2015, our mobile ARPU in Pakistan remained stable at US$2.1 (equal to 2014). In functional currency terms, mobile ARPU in Pakistan increased in 2015 by 1.9% compared to 2014 mainly due to the successful completion of the SIM re-verification process, which resulted in the disconnection of lower revenue customers.

In 2015, our mobile MOU in Pakistan increased 41.2% to 336 from 238 in 2014 as a result of the success of our bundle offers and network modernization completed in 2014, which substantially increased network capacity.

In 2015, our mobile churn rate in Pakistan increased to 33.3% compared to 26.0% in 2014 due to the required disconnection of customers in 2015 after the completion of the SIM re-verification process.

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

Our Pakistan total operating revenue decreased by 5.5% to US$1,010 million in 2014 compared to US$1,069 million in 2013. In functional currency terms, total operating revenue in Pakistan decreased by 5.8%. Our Pakistan total operating revenue consists of revenue from providing mobile services.

Mobile Revenue

In 2014, we generated US$653 million of our Pakistan segment service revenue from mobile voice services (i.e., airtime charges from mobile contract and prepaid customers, including monthly contract fees and roaming

fees, as well as roaming fees received from other mobile service operators for providing roaming services to their customers), or 64.6% of our total operating revenue in our Pakistan segment, compared to US$692 million, or 64.7% of the total operating revenue in our Pakistan segment, in 2013. In U.S. dollar terms, our mobile voice service revenues in Pakistan decreased by 5.6%. In functional currency terms, it decreased by 6.3% primarily due to lower APPM due to competitive pressure.

In 2014, we generated US$135 million of our Pakistan segment service revenue from interconnect fees, or 13.4% of the total operating revenue in our Pakistan segment, compared to US$149 million, or 13.9% of the total operating revenue in our Pakistan segment, in 2013. In U.S. dollar terms, our Pakistan segment service revenue from interconnect fees decreased by 9.4%, while in functional currency terms, it decreased by 10.0%, due to lower International Clearing House ("ICH") revenues because of an industry-wide steady decline in incoming international revenue after ICH implementation, which regulates international traffic.

In 2014, we generated US$178 million of our Pakistan segment service revenue from VAS, including data revenue, or 17.6% of the total operating revenue in our Pakistan segment, compared to US$185 million, or 17.3% of the total operating revenue in our Pakistan segment, in 2013. In U.S. dollar terms, our Pakistan segment service revenue from VAS, including data revenue, decreased by 3.7%, while in functional currency terms, it decreased by 4.0%, primarily due to lower overall VAS revenue partially offset by an increase in data revenue.

Our total operating revenue in our Pakistan 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 in Pakistan was US$44 million, compared to US$40 million in 2013. In functional currency terms, our Pakistan segment sales of equipment and accessories and other revenue increased by 9.4% due to handsets promotion.

Adjusted EBITDA

Our Pakistan adjusted EBITDA decreased to US$386 million during 2014 from US$441 million in 2013, primarily due to lower revenues. In functional currency terms, the Pakistan adjusted EBITDA margin in 2014 in our Pakistan segment was 38.2%, which is 3.5 percentage points below the Pakistan adjusted EBITDA margin in 2013.

Certain Performance Indicators

As of December 31, 2014, we had approximately 38.5 million customers in Pakistan, representing an increase from 37.6 million customers as of December 31, 2013.

We did not have a significant number of broadband customers in Pakistan as of December 31, 2014.

In 2014, our mobile ARPU in Pakistan decreased by 8.7% to US$2.1 from US$2.3 in 2013. In functional currency terms, mobile ARPU in Pakistan 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 26.0% compared to 23.0% in 2013 due to a delay in network modernization and aggressive pricing in the market.

Bangladesh

Results of operations in US$

	Year ended December 31,			'14 – '15 % change US$	'14 – '15 % change functional currency	'13 – '14 % change US$	'13 – '14 % change functional currency
	2015	2014	2013				
	(In millions of US dollars)						
Service revenue	595	556	498	7.2%	7.8%	11.7%	10.5%
Sale of equipment and accessories	1	1	—	52.3%	52.9%	224.0%	223.7%
Other revenue	8	7	6	14.5%	15.2%	2.6%	2.5%
Total operating revenue	**604**	**563**	**504**	**7.3%**	**7.9%**	**11.6%**	**10.5%**
Operating expenses							
Service costs	110	100	80	9.7%	10.3%	25.1%	24.3%
Cost of equipment and accessories	—	1	—	—	—	—	—
Selling, general and administrative expenses	252	243	237	4.2%	4.8%	2.1%	1.5%
Adjusted EBITDA	**242**	**219**	**187**	**10.5%**	**11.0%**	**17.4%**	**15.3%**

Results of operations in BDT

	Year ended December 31,		
	2015	2014	2013
	(In billions of BDT)		
Service revenue	46	42	39
Sale of equipment and accessories	—	—	—
Other revenue	1	1	1
Total operating revenue	**47**	**43**	**40**
Operating expenses			
Service costs	9	8	6
Cost of equipment and accessories	—	—	—
Selling, general and administrative expenses	19	18	19
Adjusted EBITDA	**19**	**17**	**15**

Certain Performance Indicators

	Year ended December 31,		
	2015	2014	2013
Mobile			
Customers (end of the period; in millions)	32.3	30.8	28.8
ARPU in USD	1.6	1.5	1.5
ARPU in BDT	122	120	118
MOU in minutes	209	197	184
Annual churn (as a percentage)	22.7	21.6	22.3

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Our Bangladesh total operating revenue increased by 7.3% to US$604 million in 2015 compared to US$563 million in 2014. In functional currency terms, total operating revenue in Bangladesh increased by 7.9% due to a 4.9% increase in the number of mobile customers and an increase in data usage in 2015, which was partially offset by the impact of intensified price competition and the negative impact of supplementary duties imposed in the third quarter of 2015. Our Bangladesh total operating revenue consists of revenue from providing mobile services.

Mobile Revenue

In 2015, we generated US$450 million of our Bangladesh segment service revenue from mobile voice services (i.e., airtime charges from mobile contract and prepaid customers, including monthly contract fees and roaming fees, as well as roaming fees received from other mobile service operators for providing roaming services to their customers), or 74.5% of our total operating revenue in our Bangladesh segment, compared to US$440 million, or 78.1% of the total operating revenue in our Bangladesh segment, in 2014. In U.S. dollar terms, our mobile voice services revenue in Bangladesh increased by 2.3%. In functional currency terms, it increased by 2.9%, primarily due to an increase in customer base and higher ARPU.

In 2015, we generated US$57 million of our Bangladesh segment service revenue from interconnect fees, or 9.4% of the total operating revenue in our Bangladesh segment, compared to US$53 million, or 9.4% of the total operating revenue in our Bangladesh segment, in 2014. In U.S. dollar terms, our Bangladesh segment service revenue from interconnect fees increased by 7%. In functional currency terms, it increased by 7.5%, primarily due to an increase in our customer base, as well as higher MOU.

In 2015, we generated US$86 million of our Bangladesh segment service revenue from VAS, including data revenue, or 14.2% of the total operating revenue in our Bangladesh segment, compared to US$60 million, or 10.6% of the total operating revenue in our Bangladesh segment, in 2014. In U.S. dollar terms, our Bangladesh segment service revenue from VAS, including data and messaging revenue, increased by 43.6%. In functional currency terms, it increased by 44.4%, primarily due to increased data usage derived from Banglalink's 3G network, as our network coverage expanded in 2015.

Our total operating revenue in our Bangladesh segment also includes revenue from sales of equipment and accessories and other revenue. In 2015, revenue from sales of equipment and accessories and other revenue in Bangladesh was US$9 million, compared to US$7 million in 2014. In U.S. dollar terms, our Bangladesh segment sales of equipment and accessories and other revenue increased by 17.9% primarily as a result of higher handset sales and an increase in revenues from site sharing.

Adjusted EBITDA

Our Bangladesh adjusted EBITDA increased by 10.5% to US$242 million in 2015 compared to US$ 219 million in 2014. In functional currency terms, our Bangladesh adjusted EBITDA increased by 11% in 2015, primarily due to increased revenue and reduced SIM tax from BDT 300 (approximately US$3.8) to BDT 100 (approximately US$1.3) per connection, which was partially offset by a provision of US$12 million for a disputed SIM replacement tax with the tax authorities, a bad debt provision of US$6 million mainly for Bangladesh Telecommunications Company Limited (government owned PSTN) and a provision of US$4 million related to the performance transformation. In functional currency terms, than the adjusted EBITDA margin in 2015 in our Bangladesh segment was 40.4%, which was 0.9 percentage points higher adjusted EBITDA margin in 2014.

Certain Performance Indicators

As of December 31, 2015, we had approximately 32.3 million customers in Bangladesh, representing an increase from 30.8 million customers as of December 31, 2014, which was primarily due to our aggressive customer acquisition campaigns supported by competitive start-up offers.

We did not offer broadband services in Bangladesh as of December 31, 2015.

In 2015, our mobile ARPU in Bangladesh increased by 1.3% to US$1.6 compared to US$1.5 in 2014. In functional currency terms, mobile ARPU in Bangladesh increased in 2015 by 1.6% compared to 2014 mainly due to high growth in data revenue.

In 2015, our mobile MOU in Bangladesh increased 6.1% to 209 from 197 in 2014 mainly due to the price elasticity impact of lower APPM driven by aggressive competition.

In 2015, our mobile churn rate in Bangladesh increased to 22.7% compared to 21.6% in 2014 due to strong competition in terms of pricing, both in voice and data.

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

Our Bangladesh total operating revenue increased by 11.6% to US$563 million during 2014, representing an increase of 11.6% from US$504 million during 2013. In functional currency terms, total operating revenue in Bangladesh increased by 10.9%, due to higher MOU generated by the enlarged customer base. Our Bangladesh total operating revenue consists of revenue from providing mobile services.

Mobile Revenue

In 2014, we generated US$440 million of our Bangladesh segment service revenue from mobile voice services (i.e., airtime charges from mobile contract and prepaid customers, including monthly contract fees and roaming fees, as well as roaming fees received from other mobile service operators for providing roaming services to their customers), or 78.1% of our total operating revenue in our Bangladesh segment, compared to US$407 million, or 80.6% of the total operating revenue in our Bangladesh segment, in 2013. In U.S. dollar terms, our mobile voice service revenues in our Bangladesh increased by 7.7%. In functional currency terms, it increased by 7.0%, primarily due to an increase in our customer base and higher MOU.

In 2014, we generated US$53 million of our Bangladesh segment service revenue from interconnect fees, or 9.4% of the total operating revenue in our Bangladesh segment, compared to US$48 million, or 9.5% of the total operating revenue in our Bangladesh segment, in 2013. In U.S. dollar terms, our Bangladesh segment service revenue from interconnect fees increased by 10.4%, while in functional currency terms, it increased by 9.6%, due to an increase in our customer base and higher MOU.

In 2014, we generated US$60 million of our Bangladesh segment revenue from VAS, including data and messaging revenue, or 10.6% of the total operating revenue in our Bangladesh segment, compared to US$39 million, or 7.7% of the total operating revenue in our Bangladesh segment, in 2013. In U.S. dollar terms, our Bangladesh segment service revenue from VAS, including data and messaging revenue, increased by 54.1%, while in functional currency terms, it increased by 53.2%, due to an increase in data revenue and following the launch of 3G in the last quarter of 2013.

Our total operating revenue in our Bangladesh segment also includes revenue from sales of equipment and accessories and other revenue. In 2014, revenue from sales of equipment and accessories and other revenue in Bangladesh was US$7.2 million, compared to US$6.6 million in 2013. In functional currency terms, our Bangladesh segment revenue from sales of equipment and accessories and other revenue increased by 9.1%, primarily as a result of higher sales of data card/modem and handsets.

Adjusted EBITDA

Our Bangladesh adjusted EBITDA increased to US$219 million during 2014 compared to US$187 million in 2013. In functional currency terms, our Bangladesh adjusted EBITDA increased by 15.3%, primarily due to an increase in revenue and reduction in SIM tax to BDT 300 (approximately US$3.8) from BDT 600 (approximately US$7.7) per connection. In functional currency terms, adjusted EBITDA margin in 2014 in our Bangladesh segment was 39.5%, which was 2.0 percentage points higher from the adjusted EBITDA margin in 2013.

Certain Performance Indicators

As of December 31, 2014, we had approximately 30.8 million customers in Bangladesh, representing an increase from 28.8 million customers as of December 31, 2013, which was primarily due to aggressive customer acquisition campaigns and more efficient management of churn.

We did not offer broadband services in Bangladesh as of December 31, 2014.

In 2014, our mobile ARPU in Bangladesh remained stable at US$1.5 (equal to 2013). In functional currency terms, mobile ARPU in Bangladesh increased by 1.7% compared to 2013, as lower prices per minute of use were offset by higher MOU.

In 2014, our mobile MOU in Bangladesh increased by 7.0% to 197 from 184 in 2013, which was mainly due to disconnection of suspected high usage customers pursuant to regulator directives, as well as lower usage as a result of political instability in Bangladesh throughout 2013.

In 2014, our mobile churn rate in Bangladesh decreased to 21.6% compared to 22.3% in 2013, which was mainly due to our efforts in customer retention.

Ukraine

Results of operations in US$

	Year ended December 31, (In millions of US dollars)			'14 – '15 % change US$	'14 – '15 % change functional currency	'13 – '14 % change US$	'13 – '14 % change functional currency
	2015	2014	2013				
Service revenue	621	1,059	1,587	(41)%	10%	(33)%	(4)%
Sale of equipment and accessories	—	1	22		(29)%	(95)%	(96)%
Other revenue	1	1	1	0%	62%	0%	49%
Total operating revenue	**622**	**1,062**	**1,610**	**(41)%**	**10%**	**(34)%**	**(5)%**
Operating expenses							
Service costs	84	180	287	(53)%	(13)%	(37)%	(10)%
Cost of equipment and accessories	2	4	27	(50)%	5%	85%	(81)%
Selling, general and administrative expenses	244	394	516	(38)%	15%	(24)%	11%
Adjusted EBITDA	**292**	**484**	**781**	**(40)%**	**15%**	**(38)%**	**(11)%**

Results of operations in UAH

	Year ended December 31,		
	2015	2014	2013
	(In millions of UAH)		
Service revenue	13,442	12,206	12,681
Sale of equipment and accessories	5	7	178
Other revenue	28	18	12
Total operating revenue	**13,475**	**12,231**	**12,871**
Operating expenses			
Service costs	1,815	2,075	2,295
Cost of equipment and accessories	43	41	214
Selling, general and administrative expenses	5,285	4,589	4,123
Adjusted EBITDA	**6,332**	**5,526**	**6,239**

Certain Performance Indicators

	Year ended December 31,		
	2015	2014	2013
Mobile			
Customers (end of the period; in millions)	25.4	26.2	25.8
ARPU in USD	1.8	3.1	4.7
ARPU in UAH	39.7	35.6	37.5
MOU in minutes	543	508	501
Annual churn as a percentage	23.5	24.9	35.3
Fixed-line			
Broadband customers (end of the period; in millions)	0.8	0.8	0.8

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Our Ukraine total operating revenue decreased by 41.4% to US$622 million in 2015 compared to US$1,062 million in 2014, primarily due to the depreciation of the Ukrainian hryvnia against the U.S. dollar. In functional currency terms, our Ukraine total operating revenue in 2015 was 10.2% higher compared to 2014, primarily due to increased international incoming call revenue and strong growth in mobile data revenue as a result of the launch of 3G, despite ongoing social unrest and the shutdown of networks in East Ukraine (ATO zone). Our Ukraine total operating revenue consists of revenue from providing mobile services as well as fixed-line services.

Mobile Revenue

In 2015, our revenue from mobile services in our Ukraine segment decreased by 40.6% to US$578 million from US$972 million during 2014, primarily due to the devaluation of the hryvnia by 52.2%.

In 2015, we generated US$290 million of our Ukraine segment service revenue from mobile voice services (i.e. 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 50.2% of the total mobile operating revenue in our Ukraine segment, compared to US$539 million, or 55.5% of the total mobile operating revenue in 2014. In U.S. dollar terms, service revenue from airtime charges decreased by 46.3%, while in functional currency terms, it increased by 1.2%. The decrease in U.S. dollar terms was primarily due to weakening of the hryvnia. The increase in functional currency was due to the re-pricing of tariffs and 3G launch along with new tariff portfolio, and positive effect of currency devaluation on guest roaming revenues.

In 2015, we generated US$139 million of our Ukraine segment service revenue from VAS including data revenue, or 24.1% of the total mobile operating revenue in our Ukraine segment, compared to US$211 million, or 21.7% of the total mobile operating revenue, in 2014. The 33.8% decrease in U.S. dollar terms in our service revenue from VAS including data revenue was primarily due to depreciation of the local currency. In functional currency terms, our Ukraine segment service revenue from VAS including data revenue increased by 25.3% mainly due to strong growth in mobile data revenue as a result of 3G roll-out, active promotions of smartphones and data-oriented tariff plans.

In 2015, we generated US$147 million of our Ukraine segment service revenue from interconnect fees, or 25.4% of the total mobile operating revenue in our Ukraine segment, compared to US$218 million, or 22.4% of the total mobile operating revenue in our Ukraine segment, in 2014. In U.S. dollar terms, our Ukraine segment service revenue from interconnect fees decreased by 32.8% primarily due to weakening of the hryvnia. In functional currency terms, our Ukraine segment service revenue from interconnect revenue increased by 24.2% due to positive currency devaluation effect on revenue from traffic from international operators.

In 2015, we generated US$0.1 million of other service revenue, or 0.0% of the total mobile operating revenue in our Ukraine segment in 2015, compared to US$2 million generated in 2014, or 0.2% of the total mobile operating revenue in 2014. In U.S. dollar terms, our other service revenue decreased by 93.6%, while in functional currency terms it decreased by 87.9%.

Our Ukraine total mobile operating revenue also included revenue from sales of equipment and accessories and other revenue. During 2015, revenue from sales of equipment and accessories and other revenue comprised US$2 million, or 0.3% of the total mobile operating revenue in our Ukraine segment, compared to US$2 million, or 0.2% of the total mobile operating revenue in our Ukraine segment, in 2014. In functional currency terms, our Ukraine segment revenue from sales of equipment and accessories and other revenue increased by 53.2% mainly due to higher revenue from sub-rent of premises driven by increase of floor spaces and rent rates.

Fixed-line Revenue

Our revenue from fixed-line services in Ukraine decreased by 50.1% to US$45 million in 2015 from US$89 million in 2014, primarily due to depreciation of national currency. In functional currency terms, our revenue from fixed-line services in Ukraine decreased by 5.2% mainly as a result of reduction in wholesale revenue.

Our revenue from fixed-line services in Ukraine in 2015 consisted of US$17 million generated from business operations, US$3 million generated from wholesale operations and US$24 million generated from residential and FTTB operations. Revenue from business operations decreased by 49.3% from US$34 million in 2014, revenue from wholesale operations decreased by 82.0% from US$16 million in 2014, and revenue from residential and FTTB operations decreased by 37.8% from US$39 million in 2014. In U.S. dollar terms the decrease was primarily due to national currency devaluation. In terms of functional currency, our revenue from business operations decreased by 4.1% driven by lower subscribers base. Revenue from wholesale operations decreased by 65.3% in terms of functional currency, primarily due to planned reduction in low margin transit traffic. Residential and FTTB performance increased by 17.7% in terms of functional currency, primarily due to a favorable FTTB re-pricing.

Adjusted EBITDA

Our Ukraine adjusted EBITDA decreased by 39.6% to US$292 million in 2015 compared to US$484 million in 2014. In functional currency terms, our Ukraine adjusted EBITDA increased by 14.6% in 2015 primarily due to higher revenues, mainly data and interconnect revenues, and lower interconnect costs, which was partially offset by an increase in frequency fees due to the 3G license, higher utility and rental costs, and a negative currency devaluation effect. In functional currency terms, adjusted EBITDA margin in our Ukraine segment in 2015 was 47.0%, which is 1.8 percentage points higher than in 2014.

Certain Performance Indicators

As of December 31, 2015, we had approximately 25.4 million mobile customers in Ukraine, in comparison with approximately 26.2 million mobile customers as of December 31, 2014. The decrease of our customer base by 3.1% was mainly due to customer losses in the East (ATO zone).

In 2015, our mobile ARPU in Ukraine decreased by 41.1% to US$1.8 compared to 2014 primarily due to national currency devaluation. In functional currency terms, mobile ARPU in Ukraine increased in 2015 by 11.5% compared to 2014 mainly due to mobile data revenue growth.

In 2015, our mobile MOU in Ukraine increased by 7.0% to 543 from 508 in 2014, mainly due to the decrease in number of subscribers with lower MOU predominantly in the Eastern part of the country.

Our mobile churn rate in Ukraine in 2015 decreased to 23.5% compared to 24.9% in 2014 as a result of customized retention campaigns.

As of December 31, 2015, we had approximately 0.8 million fixed-line broadband customers in Ukraine, compared to approximately 0.8 million as of December 31, 2014.

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 in 2014 from US$1,610 million during 2013, due to an economic downturn weighed down by discontinued operations in Crimea, conflict in Eastern Ukraine (ATO zone) and heavy currency devaluation and ARPU erosion with customers optimizing their spending due to the economic crisis. In functional currency terms, our Ukraine total operating revenue in 2014 was 5% lower compared to 2013.

Mobile Revenue

In 2014, our revenue from mobile services in our Ukraine segment decreased by 34.0% to US$972 million from US$1,472 million in 2013, primarily due to the Ukrainian hryvnia devaluation, deactivation of customers in Crimea and the disrupted tourist season. In functional currency terms, our revenue from mobile services decreased by 4.7%.

In 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, as well as 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. In U.S. dollar terms, service revenue from airtime charges decreased by 37.9% due to currency devaluation. In functional currency terms, it decreased by 10.8% primarily due to the growth of second SIM penetration with low ARPU and a decrease in roaming as a result of inflation, and the harsh economic situation.

In 2014, we generated US$211 million of our service revenue from VAS 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. In U.S. dollar terms, service revenue from VAS decreased by 33.3%, primarily due to currency devaluation, while in functional currency terms, service revenue from VAS including data revenue decreased by 4.6% due to lower customer spend as a result of substituting OTT services and discontinued operations in Crimea.

In 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. In U.S. dollar terms, service revenue from VAS decreased by 16.4%, while in functional currency terms it decreased by 22.9%, primarily due to the impact of the Ukrainian hryvnia devaluation, as well as traffic decline from national and international operators.

In 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. In U.S. dollar terms, our other service revenue decreased by 30.3%, while in functional currency terms it remained stable.

Our Ukraine total mobile operating revenue also included revenue from sales of equipment and accessories and other revenue. In 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. In U.S. dollar terms, our revenue from sales of equipment and accessories and other revenue decreased by 92.1%, while in functional currency terms it decreased by 88.4%. The decrease was due to a reduction in lower margin handset sales in 2014.

Fixed-line Revenue

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. In functional currency terms, revenue from business operations decreased by 2.2%, revenue from wholesale operations decreased by 38.1%, and revenue from residential and FTTB operations increased by 8.6%. Wholesale revenue decreased primarily due to planned reduction in low margin transit traffic and the impact of the currency devaluation. Revenue from residential and FTTB decreased due to the Ukrainian hryvnia devaluation.

Adjusted EBITDA

Our Ukraine adjusted EBITDA decreased by 38.0% to US$484 million during 2014 compared to 2013, In functional currency terms, adjusted EBITDA margin in our Ukraine segment in 2014 was 45.2%, which is 3.3 percentage points lower than in 2013 primarily due to lower mobile service revenue, an increase in network, IT and other general and administrative cost due to the double increase in frequency fee, currency devaluation and inflation, partially offset by decreased service costs and sales and marketing costs.

Certain Performance Indicators

As of December 31, 2014, we had approximately 26.2 million mobile customers in Ukraine, compared to approximately 25.8 million mobile customers as of December 31, 2013. The increase of our customer base by 1.8% was primarily attributable to attractive retail offers and churn reduction campaigns in late 2014 and extra gross additions in the East (ATO zone) partially offset by disconnections of customers in Crimea due to the shutdown of the network in the region.

In 2014, our mobile ARPU in Ukraine decreased by 34.3% to US$3.1 compared to 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 (ATO zone). In functional currency terms, our mobile ARPU decreased by 5.1%.

In 2014, our mobile MOU in Ukraine increased by 1.4% to 508 from 501 in 2013, mainly due to higher usage by customers subscribed with bundled offers.

Our mobile churn rate in Ukraine in 2014 decreased to 24.9% compared to 35.3% in 2013 as a result of a successful customer relationship management program that offset the negative effect of increased churn resulting from 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 the promotion of broadband internet.

Kazakhstan

Results of operations in US$

	Year ended December 31,			'14 – '15 % change US$	'14 – '15 % change functional currency	'13 – '14 % change US$	'13 – '14 % change functional currency
	2015	2014	2013				
	(In millions of US dollars)						
Service revenue	593	754	838	(21)%	(7)%	(10)%	6%
Sale of equipment and accessories	4	—	—	—	0%	0%	0%
Other revenue	1	1	1	0%	0%	0%	0%
Total operating revenue	**598**	**755**	**839**	**(21)%**	**(5)%**	**(10)%**	**5%**
Operating expenses							
Service costs	131	180	213	(27)%	(11)%	(15)%	0%
Cost of equipment and accessories	6	5	9	31%	85%	(44)%	(33)%
Selling, general and administrative expenses	185	221	227	(17)%	(1)%	(2)%	14%
Adjusted EBITDA	**276**	**349**	**390**	**(21)%**	**(7)%**	**(11)%**	**5%**

Results of operations in KZT

	Year ended December 31,		
	2015	2014	2013
	(In billions of KZT)		
Service revenue	127	135	128
Sale of equipment and accessories	1	—	—
Other revenue	—	—	—
Total operating revenue	**128**	**135**	**128**
Operating expenses			
Service costs	29	32	32
Cost of equipment and accessories	2	1	1
Selling, general and administrative expenses	39	40	35
Adjusted EBITDA	**58**	**62**	**60**

Certain Performance Indicators

	Year ended December 31,		
	2015	2014	2013
Mobile			
Customers (end of the period; in millions)	9.5	9.8	9.2
ARPU in USD	4.4	5.8	7.1
ARPU in KZT	924	1,045	1,083
MOU in minutes	285	309	290
Annual churn (as a percentage)	54.6	50.5	48.6
Broadband customers (end of the period; in millions)	5.0	5.4	5.2
Fixed-Line			
Broadband customers (end of the period; in millions)	0.2	0.2	0.2

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Our Kazakhstan total operating revenue decreased by 21% to US$598 million in 2015 from US$755 million in 2014. Our Kazakhstan total operating revenue consists of revenue from providing both mobile and fixed-line services. In functional currency terms, our Kazakhstan total operating revenue in 2015 was 5% lower compared to 2014.

Mobile Revenue

In our Kazakhstan segment, revenue from mobile services decreased by 23% to US$518 million in 2015 from US$673 million in 2014, due to heavy local currency devaluation, economic turbulence, strong competition and a decrease in the MTR rate. In functional currency terms, our Kazakhstan revenue from mobile services in 2015 was 9% lower compared to 2014.

In 2015, we generated US$291 million of our Kazakhstan segment service revenue from mobile voice services (i.e., airtime charges from mobile prepaid and postpaid 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 56% of the total mobile operating revenue in our Kazakhstan segment, compared to US$420 million, or 62% of the total mobile operating revenue in our Kazakhstan segment, in 2014. In U.S. dollar terms, our service revenue from airtime charges decreased by 31%, while in functional currency terms it decreased by 19%, in 2015 compared to 2014, mainly due to heavy local currency devaluation, economic turbulence, and tough competition.

In 2015, we generated US$86 million of our Kazakhstan segment service revenue from interconnect fees or 17% of the total mobile operating revenue in our Kazakhstan segment, compared to US$109 million, or 16% of the total mobile operating revenue in our Kazakhstan segment, in 2014. In U.S. dollar terms, our mobile service revenue from interconnect fees decreased by 21% in 2015 compared to 2014, while in functional currency terms, it decreased by 3%. This decrease was primarily due to local currency devaluation and a decrease to the MTR rate of 29%.

In 2015, we generated US$142 million of our Kazakhstan segment service revenue from VAS, including data revenue, or 27% of the total mobile operating revenue in our Kazakhstan segment, compared to US$144 million, or 21% of the total mobile operating revenue in the Kazakhstan segment, in 2014. In U.S. dollar terms, our mobile service revenue from VAS decreased by 2% in 2015 compared to 2014, primarily due to local currency devaluation, while in functional currency terms, it increased by 17% due to usage stimulation and data quality perception improvement.

Our Kazakhstan total mobile operating revenue also included revenue from sales of equipment and accessories and other revenue. During 2015, revenue from sales of equipment and accessories and other revenue in our Kazakhstan segment increased to US$2 million mainly due to retail business consolidation (KAZEUROMOBILE LLP, the joint venture over which we obtained control in September 2015).

Fixed-line Revenue

Our Kazakhstan total operating revenue from fixed-line services decreased by 8% to US$75 million in 2015 from US$81 million in 2014. The decrease was primarily due to local currency devaluation. However in functional currency total operating revenue from fixed-line service increased by 11% also due to devaluation effect, increase in traffic and increase in APPM.

In 2015, US$35 million of Kazakhstan fixed-line revenue was generated from our wholesale operations and US$40 million from residential and FTTB operations. Revenue from residential and FTTB operations decreased by 8%, in U.S. dollar terms, and increased by 11%, in functional currency terms, compared to 2014, mainly driven by the YoY growth in customers and revenue from wholesale operations decreased by 9%, in U.S. dollar terms, and increased by 11%, in functional currency terms, compared to 2014 as a result of growth in traffic revenue.

Adjusted EBITDA

Our Kazakhstan adjusted EBITDA decreased by 21% to US$276 million in 2015 compared to US$349 million in 2014. In functional currency terms, our Kazakhstan adjusted EBITDA decreased by 7% in 2015, primarily due to revenue decline. In functional currency terms, our Kazakhstan adjusted EBITDA margin was 45.5% in 2015, which was 0.7 percentage points lower than in 2014.

Certain Performance Indicators

As of December 31, 2015, we had approximately 9.5 million mobile customers in our Kazakhstan segment, representing a decrease of 3% from approximately 9.8 million mobile customers as of December 31, 2014. The decrease in our customer base in Kazakhstan was a result of strong competition in the market.

As of December 31, 2015, we had approximately 5.2 million broadband customers in Kazakhstan, consisting of approximately 5.0 million mobile broadband and 0.2 million fixed-line broadband customers, compared to approximately 5.4 million mobile broadband customers and approximately 0.2 million fixed-line broadband customers as of December 31, 2014. The decrease was mainly due to strong competition in the market.

In 2015, our mobile ARPU in Kazakhstan decreased by 24% to US$4.4 compared to 2014, primarily due to local currency devaluation, MTR rate decrease and strong competition. In functional currency term, mobile ARPU in Kazakhstan decreased by 12%.

In 2015, our mobile MOU in Kazakhstan decreased by 8% to 285 from 309 in 2014, primarily due to tough competition and substitution of voice by data traffic.

In 2015, our mobile churn rate in Kazakhstan increased to 54.6% compared to 50.5% in 2014 due to strong competition in 2015.

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

Our Kazakhstan total operating revenue decreased by 10% to US$755 million in 2014 from US$839 million in 2013. Our Kazakhstan total operating revenue consists of revenue from providing both mobile and fixed-line services. In functional currency terms, our Kazakhstan total operating revenue in 2014 was 6% higher compared to 2013.

Mobile Revenue

In our Kazakhstan segment, revenue from mobile services decreased by 12%, in U.S. dollar terms, and increased by 4%, in functional currency terms, to US$673 million during 2014 from US$761 million in 2013,

due to depreciation of the functional currencies in our operations, while in local currency our Kazakhstan segment continued to deliver solid performance supported by strong growth in mobile data revenue.

In 2014, we generated US$420 million of our service revenue from airtime charges in the Kazakhstan 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% of the total mobile operating revenue in our Kazakhstan segment, compared to US$496 million, or 65% of the total mobile operating revenue, in 2013. The 15% decrease, in U.S. dollar terms, and 1% decrease, in functional currency terms, in 2014 compared to 2013 was mainly due to currency devaluation in Kazakhstan.

In 2014, we generated US$109 million of our mobile service revenue from interconnect fees in our Kazakhstan segment, or 16% of the total mobile operating revenue in our Kazakhstan segment, compared to US$139 million, or 18% of the total mobile operating revenue in our Kazakhstan segment, in 2013. The 22% decrease, in U.S. dollar terms, and 8%decrease, in functional currency terms, in 2014 compared to 2013 was due to currency devaluation in Kazakhstan, as well as a decrease of the MTR rate by 15% in Kazakhstan.

During 2014, we generated US$144 million of our mobile service revenue in our Kazakhstan segment from VAS, including data revenue, or 21% of the total mobile operating revenue in our Kazakhstan segment, compared to US$126 million, or 17% of the total mobile operating revenue in the Kazakhstan segment, in 2013. The 15% increase, in U.S. dollar terms, and 26% increase, in functional currency terms, in 2014 compared to 2013 was primarily due to significant increase of data revenue in the Kazakhstan market through usage stimulation and data quality perception improvement.

Fixed-line Revenue

Our Kazakhstan total operating revenue from fixed-line services increased by 5% to US$81 million in 2014 from US$77 million in 2013. In functional currency terms, our Kazakhstan total operating revenue from fixed-line services increased by 24%. The increase was primarily due to an increase in revenue from wholesale operations, which was partially offset by currency devaluation in Kazakhstan. In 2014, US$38 million of Kazakhstan fixed-line revenue was generated from our wholesale operations and US$43 million from residential and FTTB operations. Revenue from residential and FTTB operations decreased by 1% in U.S. dollar terms, and increased by 16% in functional currency terms, in comparison with 2013, while revenue from wholesale operations increased by 13%, in U.S. dollar terms, and 33% in functional currency terms, in comparison with 2013. Residential and FTTB operations revenue decreased primarily due to currency devaluation in Kazakhstan. Wholesale revenue increased primarily due to traffic growth.

Adjusted EBITDA

Our Kazakhstan adjusted EBITDA decreased by 11% to US$349 million during 2014 compared to US$390 million in 2013. In functional currency terms, our Kazakhstan adjusted EBITDA increased by 5% in 2014, primarily due to increased service revenue and cost optimization measures. In functional currency terms, our Kazakhstan adjusted EBITDA margin was 46.2% in 2014, which was 0.3 percentage points lower than in 2013.

Certain Performance Indicators

As of December 31, 2014, we had approximately 9.8 million mobile customers in our Kazakhstan segment, representing an increase of 7% from approximately 9.2 million mobile customers as of December 31, 2013. The increase in our customer base in Kazakhstan was a result of stable mobile customer base growth.

As of December 31, 2014, we had approximately 5.6 million broadband customers in Kazakhstan, consisting of approximately 5.4 million mobile broadband and 0.2 million fixed-line broadband customers, compared to approximately 5.2 million mobile broadband customers and approximately 0.2 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 the Kazakhstan market as a result of active promotion of bundles, data usage offers and our sales efforts in this market.

In 2014, our mobile ARPU in Kazakhstan decreased by 6.0% to US$5.8 compared to 2013, primarily due to the depreciation of the Kazakhstan tenge against the U.S. dollar. In functional currency terms, mobile ARPU in Kazakhstan decreased by 3.0% due to a decline in voice revenue that was not fully offset by internet usage revenue following the implementation of bundled tariff plans.

In 2014, our mobile MOU in Kazakhstan increased by 7.0% to 309 from 290 in 2013, primarily due to the 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

Results of operations in US$

	Year ended December 31,			'14 – '15 % change US$	'14 – '15 % change functional currency	'13 – '14 % change US$	'13 – '14 % change functional currency
	2015	2014	2013				
	(In millions of US dollars)						
Service revenue	710	717	671	(1)%	10%	7%	18%
Sale of equipment and accessories	1	1	2	26.8%	45%	(49)%	(53)%
Other revenue	—	—	—	—	—	—	—
Total operating revenue	**711**	**718**	**673**	**(1)%**	**10%**	**7%**	**18%**
Operating expenses							
Service costs	61	61	87	(1)%	10%	(30)%	(23)%
Cost of equipment and accessories	1	1	3	39%	60%	(65)%	(59)%
Selling, general and administrative expenses	212	195	236	9%	21%	(18)%	(10)%
Adjusted EBITDA	**437**	**461**	**347**	**5%**	**5%**	**33%**	**48%**

Results of operations in UZS

	Year ended December 31,		
	2015	2014	2013
	(In billions of UZS)		
Service revenue	1,825	1,660	1,407
Sale of equipment and accessories	4	2	5
Other revenue	—	—	—
Total operating revenue	**1,829**	**1,662**	**1,412**
Operating expenses			
Service costs	155	141	184
Cost of equipment and accessories	3	2	5
Selling, general and administrative expenses	547	453	504
Adjusted EBITDA	**1,124**	**1,066**	**719**

Certain Performance Indicators

	Year ended December 31,		
	2015	2014	2013
Mobile			
Customers (end of the period; in millions)	9.9	10.6	10.5
ARPU in USD	5.7	5.6	5.3
ARPU in UZS	14,710	12,944	11,143
MOU in minutes	528	523	471
Annual churn (as a percentage)	45.9	48.1	53.5
Broadband customers (end of the period; in millions)	4.7	5.5	5.5
Fixed-Line			
Broadband customers (end of the period; in thousands)	9	13	11

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Our Uzbekistan total operating revenue decreased by 1.0% to US$711 million in 2015 from US$718 million in 2014. In functional currency terms, our Uzbekistan total operating revenue increased by 10.0%. Our Uzbekistan total operating revenue consists of revenue from providing mobile services as well as fixed-line services.

Mobile Revenue

In our Uzbekistan segment, revenue from mobile services decreased by 0.8% to US$706 million in 2015 from US$710 million in 2014, due to the reentry of MTS to the market and the entry of a new operator UzMobile. In functional currency terms, our revenue from mobile services for the Uzbekistan segment increased by 9.3% due to Beeline Uzbekistan price plans denominated in U.S. dollars.

In 2015, we generated US$704 million of our service revenue from airtime charges in the Uzbekistan 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 99.8% of the total mobile operating revenue in our Uzbekistan segment, compared to US$710 million, or 99.8% of the total mobile operating revenue, in 2014. The 0.8% decrease in U.S. dollar terms during 2015 compared to 2014 was attributable to the reentry of MTS to the market and the entry of a new operator UzMobile. While 10.2% increase in functional currency terms due to Beeline Uzbekistan price plans denominated in U.S. dollars.

In 2015, we generated US$33 million of our mobile service revenue from interconnect fees in our Uzbekistan segment, or 4.6% of the total mobile operating revenue in our Uzbekistan segment, compared to US$25 million, or 3.6% of the total mobile operating revenue in our Uzbekistan segment, in 2014. The 22% increase in U.S. dollar terms in 2015 compared to 2014 was due to the entry of one new mobile operator and the re-entry of another. Additionally, 30.2% increase in functional currency terms also due to Beeline Uzbekistan price plans denominated in U.S. dollars.

In 2015, we generated US$156 million of our mobile service revenue in our Uzbekistan segment from VAS, including data revenue, or 22.1% of the total mobile operating revenue in our Uzbekistan segment, compared to US$149 million, or 21% of the total mobile operating revenue in the Uzbekistan segment, in 2014. In 2015 compared to 2014, this increased by 4.6% in U.S. dollar terms primarily due to focusing on increasing the number of regular smartphone data users. Additionally, 16.1% increase in functional currency terms also due to Beeline Uzbekistan price plans denominated in U.S. dollars.

Our Uzbekistan total mobile operating revenue also included revenue from sales of equipment and accessories and other revenue. In 2015, revenue from sales of equipment and accessories and other revenue in

our Uzbekistan segment increased to US$1.3 million from US$1.1 million during 2014. The 26.8% increase in U.S. dollar terms and 45.4% increase in functional currency terms was mainly due to the promotion of smartphones sales.

Fixed-line Revenue

Our Uzbekistan total operating revenue from fixed-line services decreased by 27.3% to US$5.4 million in 2015 from US$6.8 million in 2014. In 2015, US$3.3 million of Uzbekistan fixed-line revenue was generated from our business operations, US$0.02 million from wholesale operations and US$1.1 million from residential and FTTB operations. Revenue from business operations, wholesale and residential and FTTB operations decreased by 18.2%, 49.5% and 32.7% in comparison with 2014, respectively, in U.S. dollar terms. In functional currency terms, fixed-line revenue from business operations, wholesale operations and residential and FTTB operations decreased by 9.2%, 43.5% and 25.5%, respectively. The decrease was primarily due to price competition from the main operator UzbekTelecom, resulting in decreased fixed-line customers for Beeline.

Adjusted EBITDA

Our Uzbekistan adjusted EBITDA decreased by 5.2% to US$437 million in 2015 compared to US$461 million in 2014. In functional currency terms, our Uzbekistan adjusted EBITDA increased by 5.4% in 2015 primarily due to an increase of revenue, which was attributable to the fact that Beeline Uzbekistan price plans were denominated in U.S. dollars. In functional currency terms, our Uzbekistan adjusted EBITDA margin was 61.5% in 2015, which was 2.7 percentage points lower than in 2014 primarily due to increase in tax per customer and legal costs.

Certain Performance Indicators

As of December 31, 2015, we had approximately 10 million mobile customers in our Uzbekistan segment, representing a decrease of 6.6% from approximately 10.6 million mobile customers as of December 31, 2014. The decrease in our customer base in Uzbekistan was a result of the entry of one new mobile operator and the re-entry of another.

As of December 31, 2015, we had approximately 4.7 million broadband customers in Uzbekistan, consisting of approximately 4.7 million mobile broadband and an insignificant number of fixed-line broadband customers, compared to approximately 5.5 million mobile broadband customers and an insignificant number of fixed-line broadband customers as of December 31, 2014. The decrease was mainly due to the entry of one new mobile operator and the re-entry of another.

In 2015, our mobile ARPU in Uzbekistan increased by 1.3% to US$5.7 compared to 2014, while in functional currency terms, mobile ARPU in Uzbekistan increased in 2015 by 13.6% compared to 2014 mainly due to growth of data ARPU driven by a higher usage of data.

In 2015, our mobile MOU in Uzbekistan increased by 0.1% to 528 from 523 in 2014 primarily due to the launch of offers with free traffic in exchange for top-up commitment.

In 2015, our mobile churn rate in Uzbekistan increased to 45.9% compared to 48.1% in 2014 mainly due to higher churn following monetization activities.

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

Our Uzbekistan total operating revenue increased by 6.7%, in U.S. dollar terms, to US$718 million in 2014 from US$673 million in 2013. In functional currency terms, our Uzbekistan total operating increased by 17.7%. Our Uzbekistan total operating revenue consists of revenue from providing both mobile services and fixed-line services.

Mobile Revenue

In our Uzbekistan segment, revenue from mobile services increased by 6.9% to US$710 million in 2014 from US$664 million during 2013, due to the launch of new marketing activities, including monetization. In functional currency terms, our revenue from mobile services increased by 18.1%.

In 2014, we generated US$710 million of our service revenue from airtime charges in the Uzbekistan 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 99.8% of the total mobile operating revenue in our Uzbekistan segment, compared to US$664 million, or 98.6% of the total mobile operating revenue, in 2013. Service revenue from airtime charges increased during 2014 compared to 2013 by 7%, in U.S. dollar terms, and 18.1%, in functional currency terms, mainly due to the launch of new marketing activities, including monetization activities.

In 2014, we generated US$25 million of our mobile service revenue from interconnect fees in our Uzbekistan segment, or 3.6% of the total mobile operating revenue in our Uzbekistan segment, compared to US$32 million, or 4.8% of the total mobile operating revenue in our Uzbekistan segment, in 2013. Mobile service revenue from interconnect fees in our Uzbekistan segment decreased in 2014 compared to 2013 by 21% in U.S. dollar terms and by 12% in functional currency terms, mainly due to a one-time adjustment in 2014 relating to a contract with a local CDMA mobile operator as a result of a reduction of the contractual interconnect rate.

In 2014, we generated US$149 million of our mobile service revenue in our Uzbekistan segment from VAS, including data revenue, or 21% of the total mobile operating revenue in our Uzbekistan segment, compared to US$111 million, or 16.5% of the total mobile operating revenue in the Uzbekistan segment, in 2013. In 2014 compared to 2013, mobile service revenue from VAS in our Uzbekistan segment increased by 35% in U.S. dollar terms and by 49% in functional currency terms, primarily due to focusing on data users and increasing data usage.

Our Uzbekistan total mobile operating revenue also included revenue from sales of equipment and accessories and other revenue. In 2014, revenue from sales of equipment and accessories and other revenue in our Uzbekistan segment decreased to US$1.1 million from US$2.2 million in 2013. The 49.0% decrease in U.S. dollar terms, or 53.4% decrease in functional currency terms, was mainly due to lack of customer equipment.

Fixed-line Revenue

Our Uzbekistan total operating revenue from fixed-line services decreased by 9.5% to US$6.8 million in 2014 from US$7.6 million in 2013. In 2014, US$4 million of Uzbekistan fixed-line revenue was generated from our business operations, US$0.03 million from wholesale operations and US$1.6 million from residential and FTTB operations. In U.S. dollar terms, revenue from wholesale and residential and FTTB operations decreased by 77.7% and 16.1% in comparison with 2013, respectively, while revenue from business operations increased by 0.1% compared to 2013. In functional currency terms, fixed-line revenue from wholesale and residential and FTTB operations decreased by 75.0% and 7.6% in comparison with 2013, respectively, while revenue from business operations increased by 10.3% in comparison with 2013.

Adjusted EBITDA

Our Uzbekistan adjusted EBITDA increased by 33% to US$461 million during 2014 compared to US$347 million in 2013. In functional currency terms, our Uzbekistan adjusted EBITDA increased by 48%. Our Uzbekistan adjusted EBITDA margin was 64.2% in 2014, which was 12.6 percentage points higher than in 2013 primarily due to one-off adjustments related to a reclassification of capital expenditure item to operating expenditure in 2013.

Certain Performance Indicators

As of December 31, 2014, we had approximately 10.6 million mobile customers in our Uzbekistan segment, representing an increase of 0.9% from approximately 10.5 million mobile customers as of December 31, 2013. The increase in our customer base in Uzbekistan was a result of our market proposition as "The most attractive communication in the biggest network".

As of December 31, 2014, we had approximately 5.5 million broadband customers in Uzbekistan, consisting of approximately 4.7 million mobile broadband and an insignificant number of fixed-line broadband customers, compared to approximately 5.5 million mobile broadband customers and an insignificant number of fixed-line broadband customers as of December 31, 2013.

In 2014, our mobile ARPU in Uzbekistan increased by 5.8% to US$5.6 compared to 2013, primarily due to traffic monetization activities and driven by growth of price per minute. In functional currency terms, our mobile ARPU in Uzbekistan increased by 16.2%.

In 2014, our mobile MOU in Uzbekistan increased by 11.0% to 523 from 471 in 2013 primarily due to promotion of bundled 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.

HQ and Others

Segmentation of Total Operating Revenue

	Year ended December 31,		
	2015	2014	2013
	(In millions of US dollars)		
Kyrgyzstan	164	178	192
Armenia	111	138	145
Tajikistan	118	142	148
Georgia	58	79	88
Laos	18	29	29
Intercompany eliminations and other[(1)]	(268)	(308)	(236)
Total	**201**	**258**	**366**

(1) Intercompany eliminations and other include eliminations within the group.

Segmentation of Adjusted EBITDA

	Year ended December 31,		
	2015	2014	2013
	(In millions of US dollars)		
Kyrgyzstan	91	91	97
Armenia	40	46	57
Tajikistan	75	62	74
Georgia	10	20	27
Laos	5	10	9
HQ and Other	(1,511)	(403)	(336)
Total	**(1,290)**	**(176)**	**(72)**

(1) HQ and Other include HQ related costs and eliminations within the group.

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, 2015 Compared to Year Ended December 31, 2014

Our HQ and Others total operating revenue decreased by 22% to US$201 million in 2015 from US$258 million in 2014. Our HQ and Others total operating revenue consists of revenue from providing mobile services as well as fixed-line services.

Adjusted EBITDA

Our HQ and Others adjusted EBITDA decreased to negative US$1,290 million in 2015 from negative US$176 million in 2014, primarily due to the provisions for investigations and other legal costs in Uzbekistan, as well as transformation costs and material exceptional adjustments incurred in 2015.

Certain Performance Indicators

As of December 31, 2015, we had approximately 6.2 million mobile customers in the HQ and Others segment, representing a decrease of 1.6% from approximately 6.3 million mobile customers as of December 31, 2014.

As of December 31, 2015, we had approximately 3.0 million broadband customers in the HQ and Others segment, consisting of approximately 2.9 million mobile broadband and 0.1 million fixed-line broadband customers, compared to approximately 2.9 million mobile broadband customers and approximately 0.1 million fixed-line broadband customers as of December 31, 2014.

Kyrgyzstan

In 2015, our mobile ARPU in Kyrgyzstan decreased by 11% to US$4.9 compared to US$ 5.5 in 2014. In functional currency terms, mobile ARPU in Kyrgyzstan increased by 7% in 2015 compared to 2014 primarily due to growth of interconnect revenue as a result of increased traffic and negative effect from Kyrgyz som to USD devaluation and a higher migration to Russia as a result of Kyrgyzstan joining the Eurasia Customs Union.

In 2015, our mobile MOU in Kyrgyzstan decreased by 4% to 281 from 293 in 2014 primarily due to a decrease in outbound traffic.

In 2015, our mobile churn rate in Kyrgyzstan increased to 67.6% compared to 65.7% in 2014 primarily due to the entrance of Kyrgyzstan into the Eurasia Custom Union and higher migration of population.

Armenia

In 2015, our mobile ARPU in Armenia decreased by 25.4% to US$4.9 compared to US$ 6.6 in 2014. In functional currency terms, mobile ARPU in Armenia decreased by 14.2% in 2015 compared to 2014 as a result of customer base cannibalization to new tariff plans and also new customer share growth in total base.

In 2015, our mobile MOU in Armenia decreased by 5.7% to 353 from 374 in 2014 driven by a lower outgoing off net MOU primarily as a result of traffic cannibalization to OTT and a high-level of multi-SIM usage.

In 2015, our mobile churn rate in Armenia decreased to 39.2% compared to 43.9% in 2014 due to active customer base growth and a focus on sales quality.

Tajikistan

In 2015, our mobile ARPU in Tajikistan decreased by 12.7% to US$8.1 compared to US$9.2 in 2014. In functional currency terms, mobile ARPU in Tajikistan increased by 9.2% in 2015 compared to 2014 due to local currency devaluation.

In 2015, our mobile MOU in Tajikistan increased by 1.7% to 291 from 286 in 2014 primarily due to the launch of bundled offers.

In 2015, our mobile churn rate in Tajikistan decreased to 76.8% compared to 77.1% in 2014 due to a change in strategy from "best price" to "best value".

Georgia

In 2015, our mobile ARPU in Georgia decreased by 38.8% to US$3.0 from US$4.9 in 2014. In functional currency terms, mobile ARPU in Georgia decreased by 21.9% in 2015 compared to 2014 due to increased market competition in the mobile market in Georgia resulting in a reduction of prices for mobile services.

In 2015, our mobile MOU in Georgia increased by 3.1% to 235 from 228 in 2014 primarily due to increased bundle penetration.

In 2015, our mobile churn rate in Georgia decreased to 68.8% compared to 69.7% in 2014 due to the acquisition and the retention of high quality customers in a competitive market environment.

Laos

In 2015, our mobile ARPU in Laos increased by 1.9% to US$5.4 from US$5.3 in 2014.

In 2015, our mobile MOU in Laos decreased by 2.9% to 100 from 103 in 2014.

In 2015, our mobile churn rate in Laos increased to 119.0% compared to 94.6% in 2014.

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

Our HQ and Others total operating revenue decreased by 30% to US$258 in 2014 from US$366 million in 2013. Our HQ and Others total operating revenue consists of revenue from providing mobile services as well as fixed-line services.

Adjusted EBITDA

Our HQ and Others adjusted EBITDA decreased to negative US$176 million in 2014 from negative US$72 million in 2013, primarily due to the increase in professional consulting fees, legal fees, staff related expenses and Italy refinancing fees.

Certain Performance Indicators

As of December 31, 2014, we had approximately 6.3 million mobile customers in the HQ and Others segment, representing an increase of 3.3% from approximately 6.1 million mobile customers as of December 31, 2013.

As of December 31, 2014, we had approximately 3.0 million broadband customers in the HQ and Others segment, consisting of approximately 2.9 million mobile broadband and 0.1 million fixed-line broadband customers, compared to approximately 2.7 million mobile broadband customers and approximately 0.1 million fixed-line broadband customers as of December 31, 2013.

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 bundled offers focused on increasing on-net MOU.

In 2014, our mobile churn rate in Kyrgyzstan remained high at 65.7% (compared to 65.6% in 2013) 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 decreased by 7.4% to US$9.2 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 remained high at 77.1% (compared to 77.9% in 2013) due to the lower number of labor migrants.

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 as well as voice traffic partly migrating 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.

Laos

In 2014, our mobile ARPU in Laos decreased by 11.7% to US$5.3 from US$6.0 in 2013.

In 2014, our mobile MOU in Laos decreased by 2.8% to 103 from 106 in 2013.

In 2014, our mobile churn rate in Laos decreased to 94.6% compared to 102.6% in 2013.

Italy

Joint venture and discontinued operations

On August 6, 2015, we entered into an agreement with Hutchison, which owns indirectly 100% of Italian mobile operator 3 Italia, to form an equal joint venture holding company that will own and operate our telecommunications businesses in Italy. Completion of the transaction is subject to the satisfaction or waiver of certain conditions precedent, including obtaining regulatory approvals, and is expected to occur around the end of 2016. WIND Italy and 3 Italia will continue to operate separately pending completion. Pending completion, WIND Italy is accounted for as a discontinued operation. Following completion of the transaction, VimpelCom will no longer consolidate the financial results of WIND Italy, whose results will be calculated using the equity method. For more information, please see "—Recent Developments and Trends—Italy Joint Venture" and Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Although Italy is no longer a reportable segment subsequent to its classification as a discontinued operation in connection with the Italy Joint Venture, the following information is included for Italy because completion of the Italy Joint Venture has not occurred and Italy is a significant part of our business.

The Italy Joint Venture doesn't have any impact on VimpelCom's current liquidity, as liquidity available at WIND Italy level is not available to the company due to covenants in debt agreements. The Italy Joint Venture results in a reduction of the Net Debt/EBITDA ratio of the company and thereby increasing the capacity to increase the funding of the company within Net Debt/EBITDA covenant ratios, if and when needed.

Results of operations in US$

	Year ended December 31,			'14 – '15 % change US$	'14 – '15 % change functional currency	'13 – '14 % change US$	'13 – '14 % change functional currency
	2015	2014	2013				
	(In millions of US dollars)						
Service revenue	4,450	5,536	6,096	(19.6)%	(3.8)%	(9.2)%	(8.9)%
Sale of equipment and accessories	327	301	318	8.9%	30.4%	(5.3)%	(9.9)%
Other revenue	136	318	204	(57.3)%	(48.2)%	55.9%	55.8%
Total operating revenue	**4,913**	**6,155**	**6,618**	**(20.2)%**	**(4.4)%**	**(7.0)%**	**(7.0)%**
Operating expenses							
Service costs	1,134	1,454	1,560	(22.0)%	(6.5)%	(6.8)%	(7.0)%
Cost of equipment and accessories	319	299	342	6.8%	28.0%	(12.6)%	(12.8)%
Selling, general and administrative expenses	1,582	1,986	2,118	(20.4)%	(4.6)%	(6.2)%	(6.3)%
Adjusted EBITDA	**1,878**	**2,416**	**2,598**	**(22.3)%**	**(7.0)%**	**(7.0)%**	**(7.0)%**

Results of operations in EUR

	Year ended December 31,		
	2015	2014	2013
	(In millions of EUR)		
Service revenue	4,007	4,166	4,577
Sale of equipment and accessories	296	227	252
Other revenue	125	240	154
Total operating revenue	4,428	4,633	4,983
Operating expenses			
Service costs	1,022	1,093	1,175
Cost of equipment and accessories	288	225	258
Selling, general and administrative expenses	1,425	1,495	1,595
Adjusted EBITDA	**1,693**	**1,820**	**1,955**

Certain Performance Indicators

	Year ended December 31,		
	2015	2014	2013
Mobile			
Customers (end of period; in millions)	21.1	21.6	22.3
ARPU in USD	12.5	14.6	16.3
ARPU in EUR	11.3	11.3	12.3
MOU in minutes	269	264	237
Annual churn (in percentage)	29.2	31.4	36.6
Fixed			
Broadband customers (end of period in millions)	2.3	2.2	2.2

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Our Italy total operating revenue was US$4,913 million during 2015, representing a decrease of 20.2% compared to US$6,155 million in 2014. In local currency terms, the total operating revenue decreased by 4.4%.

In our Italy segment, total operating revenue from services was US$4,450 million in 2015, representing a decrease of 19.6% compared to US$5,536 million in 2014 (in local currency terms, decreased by 3.8%). The decrease in service revenue in our Italy segment was mainly due to a decrease in voice services as a result of the difficult macroeconomic situation and the contraction of the market.

In 2015, we generated US$3,847 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 86.5% of our service revenue in our Italy segment, which decreased by 20.5% from US$4,837 million of revenue in 2014, or 87.4% of our service revenue in our Italy segment, in 2014 (in functional currency terms, decreased by 4.8%). The decrease was mainly due to the 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.

In 2015, we generated US$422 million of our service revenue from interconnection traffic, relating to incoming calls from other operators' networks to our mobile and fixed-line networks, or 9.5% of our service revenue in our Italy segment, representing a decrease of 16.7% compared to US$506 of revenue in 2014, or 9.1%

of the total operating revenue from services in 2014 (in functional currency terms, decreased by 0.3%). The decrease was due to the effect of the reduction of unit tariffs only partially offset by an increase in mobile traffic volume and by an increase in interconnection traffic from VAS.

In 2015, we generated US$138 million of our service revenue from other types of services, which mainly relate to leased lines and access fees charged to telecommunications operators and penalties charged to mobile and fixed-line customers, or 3.1% of our service revenue in our Italy segment, representing a decrease of 4.7% compared to US$145 million in 2014, or 2.6% of our service revenue. The decrease compared to 2014 is mainly due to the exchange rate impact. In functional currency terms, service revenue from other types of services increased by 15.7% over 2014 mainly due to services provided to MVNOs.

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. In 2015, revenue from sales of equipment was US$327 million, representing an increase of 8.9% from US$301 million in 2014, which was primarily due to the increase in the sale of high-range terminals. In functional currency terms, revenue from sales of equipment increased by 30.4%.

In 2015, we generated US$136 million of our revenue in our Italy segment from the settlement of commercial disputes and penalties charged to suppliers, representing a decrease of 57.3% from US$318 million in 2014. In functional currency terms, the decrease of 48.2% was mainly due to higher proceeds from settlement recognized in 2014.

Adjusted EBITDA

Our Italy adjusted EBITDA decreased by 22.3% to US$1,878 million in 2015 from US$2,416 million in 2014 (in local currency terms, decreased by 7.0%); in addition to the effects described on total operating revenues, the decrease was due to higher costs 2015 related to the tower services agreement with Galata (following the sale by WIND Italy of 90% of the shares of Galata in the first quarter of 2015 (see "—Recent Developments and Trends—Network and Tower Sharing Agreements")) and to certain restructuring costs related to organizational streamlining and optimization. In functional currency terms, adjusted EBITDA margin in 2015 in our Italy segment was 38.2%, which is 1.0 percentage points lower than the adjusted EBITDA margin in 2014.

Certain Performance Indicators

As of December 31, 2015, we had approximately 21.1 million mobile customers in Italy representing a decrease of 2.2% from approximately 21.6 million customers as of December 31, 2014. Our mobile customer base decrease in 2015 was in line with overall market contraction and mainly due to lower gross additions in the market coming from the more rational approach to promotions offered in 2015 by the main three operators.

In 2015, our mobile ARPU in Italy was stable at US$12.5 and in functional currency terms at EUR 11.3.

In 2015, our mobile MOU in Italy increased by 1.9% to 269 from 264 in 2014, primarily due to the increased diffusion in the market of bundles including free minutes for a fixed fee.

In 2015, our mobile churn rate in Italy decreased to 29.2% compared to 31.4% in 2014 as a result of a more rational approach to promotions offered in 2015 by the main three operators.

As of December 31, 2015, we had approximately 2.3 million fixed-line broadband customers in Italy, representing an increase of approximately 4.5% over the approximately 2.2 million mobile broadband customers as of December 31, 2014. The increase was mainly driven by the increased demand in Italy for broadband connections.

As of December 31, 2015, we had approximately 11.6 million mobile broadband customers in Italy, representing an increase of approximately 14.3% over the approximately 10.2 million mobile broadband customers as of December 31, 2014. The increase was mainly driven by the increased demand for data in mobility coupled with a higher diffusion of smartphones in the market.

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

Our Italy total operating revenue was US$6,155 million in 2014, representing a decrease of 7.0% compared to US$6,618 million in 2013. In functional 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 in 2014, representing a decrease of 9.2%, in U.S. dollar terms, compared to US$6,096 million in 2013. Total operating revenue from services decreased by 9.0% in functional currency terms. 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.

In 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 service revenue in our Italy segment, which decreased by 9.6% from US$5,352 million of revenue in 2013, or 88.0% of our service revenue 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.

In 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 service revenue in our Italy segment, representing a decrease of 4.6% compared to US$530 million of revenue in 2013, or 8.7% of the total operating revenue from services in 2013. In functional currency terms, the service revenue from interconnection traffic decreased by 4.6% from 2014 to 2013. The decrease is due to the effect of the reduction of unit tariffs set by *Autorità per le Garanzie nelle Comunicazioni* (the Italian Communications Authority or "AGCOM").

In 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 telecommunications operators and penalties charged to mobile and fixed-line customers, or 2.6% of our service revenue in our Italy segment, representing a decrease of 8.9% compared to US$159 million in 2013, or 2.6% of our service revenue. In functional currency terms, the service revenue from other types of services decreased by 12.0% from 2014 to 2013. The decrease compared to 2013 was 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. In 2014, revenue from sales of equipment was US$301 million, representing a decrease of 5.3% from US$318 million in 2013. In functional currency terms, the revenue from sales of equipment decreased by 9.9% from 2014 to 2013. This decrease was 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.

In 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. In functional currency terms, our revenue from the settlement of commercial disputes and penalties increased by 56.1% in 2014 compared to 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.

Adjusted EBITDA

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.

Certain Performance Indicators

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 in functional currency terms. In U.S. dollar terms, our mobile ARPU decreased by 10.4%. The decrease in ARPU was 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 bundled 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 result 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.

Liquidity and Capital Resources

Consolidated Cash Flow Summary

The following table shows our cash flows for the years ended December 31, 2015, 2014 and 2013 (in millions of U.S. dollars):

	Year ended December 31,		
	2015	2014	2013
Consolidated Cash Flow			
Net cash flows from operating activities	2,033	5,279	6,351
from continuing operations	1,104	4,613	5,033
from discontinued operations	929	666	1,318
Net cash / (used in) investing activities	(2,634)	(3,977)	(4,213)
from continuing operations	(2,494)	(2,993)	(3,161)
from discontinued operations	(140)	(984)	(1,052)
Net cash from / (used in) financing activities	(1,439)	1,329	(2,575)
from continuing operations	(732)	2,007	(2,333)
from discontinued operations	(707)	(678)	(242)

During the years ended December 31, 2015, 2014 and 2013, we generated positive cash flow from our operating activities and negative cash flow from investing activities. Cash flow used in financing activities was negative during 2015, positive during 2014 and negative during 2013. The negative cash flow from financing activities during 2015 was mostly due to repayment of existing borrowings during 2015, partially offset by cash flows from new loans and bonds issues during 2015 and proceeds received from the completion of the transaction in Algeria. 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.

As of December 31, 2015, we had negative working capital of US$156 million, compared to negative working capital of US$938 million as of December 31, 2014 and 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, 2015 compared to December 31, 2014 was mainly due to the classification of Italy as held for sale and the additional provisions relating to the investigations and other legal costs. 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, 2015, and the majority of our current financial liabilities will become due fairly evenly during the year 2016. 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 2015, net cash flows from operating activities were US$2,033 million, a 61% decrease from the US$5,279 million of net cash flows from operating activities during 2014. 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 by lower interest paid during 2015.

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 by lower income tax payments due to lower profits earned.

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. During 2015, our total payments for purchases of property and equipment, intangible assets, software and other assets were approximately US$2,207 million compared to US$3,501 million during 2014. The decrease was primarily due to the local currencies devaluations against the U.S. dollar as the majority of the purchases are performed in local currencies. In addition, we have placed on deposit with financial institutions US$361 million and recorded US$140 million of cash outflows from discontinued operations during 2015. See also "Acquisitions and Dispositions" below.

During 2014, our total payments for purchases of property and equipment, intangible assets, software and other assets were approximately US$3,501 million compared to US$2,903 million during 2013. The increase was primarily due to increase in capital expenditures due to investment in high-speed data networks. In addition, we received net proceeds of US$328 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, US$21 million as the proceeds from sale of our property, equipment and intangible assets, US$39 million as cash inflow from financial assets, US$2 million received as dividends, offset by US$23 million of cash outflows for loans granted during 2014 and by US$984 million of cash outflows from discontinued operations during 2014.

Acquisitions and Dispositions

For information regarding our acquisitions and dispositions, see Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Financing Activities

During 2015, we repaid approximately US$4,840 million of indebtedness and raised approximately US$2,052 million, which amounts are excluding the financing activities in relation to our operations in Italy, following the classification of WIND Italy as a discontinued operation in connection with the Italy Joint Venture. As of December 31, 2015, the principal amounts of our external indebtedness for bank loans, bonds, equipment financing, and loans from others amounted to approximately US$9.5 billion, compared to US$26.4 billion as of December 31, 2014. The decrease of the principal amounts of our external indebtedness is mainly the result of classifying our Italian operations as discontinued operations, the net repayment of indebtedness and foreign exchange revaluations.

During 2014, we repaid approximately US$3,765 million of indebtedness and raised approximately US$5,859 million, which amounts are excluding the financing activities in relation to our operations in Italy, following the classification of WIND Italy as a discontinued operation in connection with the Italy Joint Venture.

Information about our indebtedness is presented below. Many of the agreements relating to this indebtedness contain various covenants, including financial covenants relating to our financial performance or financial condition, as well as negative pledges, compliance with laws requirements, and restrictions on mergers, acquisitions and certain asset disposals, as subject to agreed exceptions. In addition, certain of these agreements subject our subsidiaries to restrictions on their ability to pay dividends, make loans or repay debts to us. Our financing agreements have various customary events of default which can be triggered by events including

non-payment, breach of applicable covenants, loss of certain mobile licenses, non-payment cross-default, cross-acceleration, certain judgment defaults, certain material adverse events and certain insolvency events. Some of our financing agreements also contain “change of control” provisions that may allow the lenders to cancel the facility or to require us to make a prepayment if a person or group of persons (with limited exclusions) acquire beneficial or legal ownership of or control over more than 50.0% of VimpelCom’s share capital.

For additional information on our outstanding 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 in 2015, and the period subsequent to December 31, 2015, see Note 17 and Note 27, respectively, to our audited consolidated financial statements included elsewhere in this Annual Report of Form 20-F. 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 amounts of indebtedness and debt service obligations could materially decrease our cash flow, adversely affect our business and financial condition and prevent us from raising additional capital,” “—We may not be able to raise additional capital,” and “—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.”

The following table provides a summary of our outstanding indebtedness with an outstanding principal balance exceeding US$30.0 million as of December 31, 2015, excluding our indebtedness in relation to our operations in Italy, following the classification of WIND Italy as a discontinued operation in connection with the Italy Joint Venture.

Borrower	Type of debt/original lender	Interest rate	Outstanding debt (in millions)	Maturity date	Guarantor	Security
VimpelCom Holdings	Notes	6.2546%	US$348.6	March 1, 2017	PJSC VimpelCom	None
VimpelCom Holdings	Notes	7.5043%	US$1,280.0	March 1, 2022	PJSC VimpelCom	None
VimpelCom Holdings	Notes	9.00%	US$164.6 (RUB 12,000.0)	February 13, 2018	PJSC VimpelCom	None
VimpelCom Holdings	Notes	5.20%	US$571.1	February 13, 2019	PJSC VimpelCom	None
VimpelCom Holdings	Notes	5.95%	US$982.9	February 13, 2023	PJSC VimpelCom	None
VimpelCom Amsterdam	Loan from China Development Bank Corp.	6 month LIBOR plus 3.30%	US$415.2	December 21, 2020	PJSC VimpelCom	None
VimpelCom Amsterdam	Loan from HSBC Bank plc	1.72%	US$222.3	July 31, 2022	EKN, PJSC VimpelCom	None
VimpelCom Amsterdam	Loan from AO “Alfa-Bank”	1 month LIBOR plus 3.25%	US$500.0	April 17, 2017	VimpelCom Holdings	None
VimpelCom Amsterdam	Loan from AO “Alfa-Bank”	1 month LIBOR plus 3.25%	US$500.0	May 3, 2017	VimpelCom Holdings	None
PJSC VimpelCom	Loan from UBS (Luxembourg) S.A. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A.)	8.25%	US$265.8	May 23, 2016	None	None

Borrower	Type of debt/original lender	Interest rate	Outstanding debt (in millions)	Maturity date	Guarantor	Security
PJSC VimpelCom	Loan from VIP Finance Ireland Limited (funded by the issuance of loan participation notes by VIP Finance Ireland)	9.125%	US$499.1	April 30, 2018	None	None
PJSC VimpelCom	Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	6.493%	US$264.3	February 2, 2016	None	None
PJSC VimpelCom	Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	7.748%	US$650.6	February 2, 2021	None	None
PJSC VimpelCom	RUB denominated bonds	10.00%	US$206.5 (RUB 15,051.6)	March 8, 2022[(1)]	None	None
PJSC VimpelCom	RUB denominated bonds	11.90%	US$343.0 (RUB 25,000.0)	October 3, 2025[(2)]	None	None
PJSC VimpelCom	Loan from Sberbank	12.75%[(3)]	US$602.7 (RUB 43,928.5)	April 11, 2018	None	None
PJSC VimpelCom	Loan from Sberbank	12.75%[(4)]	US$228.7 (RUB 16,666.7)	May 29, 2017	None	None
PJSC VimpelCom	Loan from HSBC Bank plc, Nordea Bank AB (publ)	3 month MosPRIME plus 1.00%	US$43.8 (RUB 3,189.5)	April 30, 2019	EKN	None
PMCL	Syndicated loan via MCB Bank Limited	3 month KIBOR plus 1.25%	US$38.2 (PKR4,000.0)	November 28, 2017	None	Certain assets of PMCL[(5)]
PMCL	Syndicated loan via MCB Bank Limited	6 month KIBOR plus 1.25%	US$66.8 (PKR7,000.0)	May 16, 2019	None	Certain assets of PMCL[(5)]
PMCL	Loan from Habib Bank Limited	6 month KIBOR plus 1.15%	US$43.0 (PKR4,500.0)	May 16, 2019	None	Certain assets of PMCL[(5)]
PMCL	Loan from United Bank Limited	6 month KIBOR plus 1.10%	US$38.2 (PKR4,000.0)	May 16, 2021	None	Certain assets of PMCL[(5)]
PMCL	Sukuk Certificates	3 month KIBOR plus 0.88%	US$65.9 (PKR6,900.0)	December 22, 2019	None	Certain assets of PMCL[(5)]
PMCL	Syndicated loan via Allied Bank Limited	6 month KIBOR plus 1.00%	US$34.6 (PKR3,618.8)	November 26, 2018	None	Certain assets of PMCL[(5)]
Banglalink	Senior Notes	8.625%	US$300.0	May 6, 2019	None	None
OTA	Syndicated Loan Facility	Bank of Algeria Re-Discount Rate plus 2.00%	US$466.8 (DZD50,000.0)	September 30, 2019	None	Dividend assignment

Borrower	Type of debt/original lender	Interest rate	Outstanding debt (in millions)	Maturity date	Guarantor	Security
Other loans, equipment financing and capital lease obligations	—	—	US$400.9	—	—	—

(1) These bonds are subject to an investor put option at March 17, 2017.
(2) These bonds are subject to an investor put option at October 13, 2017.
(3) The fixed interest rate applicable to these loans ranges from 9.0% to 14.0% depending on certain conditions set out in the agreements.
(4) The fixed interest rate applicable to these loans ranges from 10.75% to 14.0% depending on certain conditions set out in the agreements.
(5) Charges over moveable fixed assets, receivables, cash balances, investments, cash collections and book debts.

Discontinued operations

The following table provides a summary of our outstanding indebtedness with an outstanding principal balance exceeding US$30.0 million as of December 31, 2015 in relation to our operations in Italy, following the classification of WIND Italy as a discontinued operation in connection with the Italy Joint Venture. 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:

Borrower	Type of debt/original 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, Crédit 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 Lavora S.p.A., Gruppo BNP Paribas, Crédit Agricole Corporate and Investment Bank, Milan Branch, and The Royal Bank of Scotland plc, Milan Branch, as Original Lenders	EURIBOR + 4.25%	US$760.0 (€700.0)	November 26, 2019	WIND Italy	Shares in WIND Italy
WIND Acquisition Finance S.A.	Senior Secured Notes	3 month EURIBOR plus 5.25%	US$162.9 (€150.0)	April 30, 2019	WIND Italy	Shares in WIND Italy and Wind Acquisition Finance S.A.
WIND Acquisition Finance S.A.	Senior Secured Notes	6.50%	US$550.0	April 30, 2020	WIND Italy	Shares in WIND Italy and Wind Acquisition Finance S.A.

Borrower	Type of debt/original lender	Interest rate	Outstanding debt (in millions)	Maturity date	Guarantor	Security
WIND Acquisition Finance S.A.	Senior Notes	7.00%	US$1,900.1 (€1,750.0)	April 23, 2021	WIND Italy	Shares in WIND Italy (2nd priority)
WIND Acquisition Finance S.A.	Senior Notes	7.375%	US$2,800.0	April 23, 2021	WIND Italy	Shares in WIND Italy (2nd priority)
WIND Acquisition Finance S.A.	Senior Secured Notes	4.00%	US$2,687.3 (€2,475.0)	July 15, 2020	WIND Italy	Shares in WIND Italy and Wind Acquisition Finance S.A.
WIND Acquisition Finance S.A.	Senior Secured Notes	4.75%	US$1,900.0	July 15, 2020	WIND Italy	Shares in WIND Italy and Wind Acquisition Finance S.A.
WIND Acquisition Finance S.A.	Senior Secured Notes	3 month EURIBOR plus 4.00%	US$624.3 (€575.0)	July 15, 2020	WIND Italy	Shares in WIND Italy and Wind Acquisition Finance S.A.
WIND Acquisition Finance S.A.	Senior Secured Notes	3 month EURIBOR plus 4.125%	US$434.3 (€400.0)	July 15, 2020	WIND Italy	Shares in WINDItaly and Wind Acquisition Finance S.A.
Other loans, equipment financing and capital lease obligations	—	—	US$18.9	—	—	—

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.

Cash and deposits subject to currency and contractual restrictions

As of December 31, 2015, the cash and deposits balances in Uzbekistan of US$750 million and Ukraine of US$4 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 prohibiting the repatriation of cash balances in Algeria were lifted. Algerian foreign exchange regulations continue, however,

to require strict regulatory approval before a company can engage in certain foreign exchange transactions. Bangladesh has similar requirements. For more information about the currency restrictions in our countries of operation, see "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," "—Risks Related to Our Business—As a holding company, VimpelCom depends on the performance of its subsidiaries" and "—Risks Related to Our Markets—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 we can conduct business and currency control requirements restrict activities in certain markets in which we have operations," as well as Notes 21and 26 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. For more information on the Algeria Transaction, please see the section of this Annual Report on Form 20-F entitled "Item 5—Recent Developments and Trends—Algeria Transaction and Settlement" and Note 6 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Certain of the agreements relating to our indebtedness subject our subsidiaries to restrictions on their ability to pay dividends, make loans or repay debts to us. For additional information on our indebtedness, please see "—Financing Activities" and the notes to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. For a description of some of the risks associated with certain of our indebtedness, please see "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—Substantial amounts of indebtedness and debt service obligations could materially decrease our cash flow, adversely affect our business and financial condition and prevent us from raising additional capital," and "—We may not be able to raise additional capital."

Earnings subject to indefinite investment

During 2015, we recorded a deferred tax liability of US$45 million relating to the tax effect of our undistributed profits that will be distributed in the foreseeable future, primarily in relation to our Russian 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$8,239 million as of December 31, 2015. For more information, please see Note 11 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 2015, our capital expenditures were approximately US$2,034 million (including US$2,006 million in our operating companies and US$28 million in our HQ and Other segment) compared to approximately US$3,229 million during 2014 and approximately US$3,019 million during 2013, in each case, excluding capital expenditures in Italy. The decrease in capital expenditures in 2015 compared to 2014 was primarily due to depreciation of local currency against U.S. dollar.

The decrease in capital expenditures in 2014 compared to 2013 was due to a decrease in investments in Russia, and Eurasia 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.

We expect that our capital expenditures in 2016 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, 2015, 2014 and 2013, our capital expenditures were 18.2%, 21.7%, and 19.1% of our consolidated total operating revenue, respectively. The actual amount of our capital expenditures (excluding acquisitions and payment for licenses) for 2016 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.

As of the date of this Annual Report on Form 20-F, we had an undrawn amount of US$3,001 million under existing credit facilities (excluding credit facilities in Italy). For more information on our existing undrawn credit facilities, please see Note 5 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

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 amounts of indebtedness and debt service obligations could materially decrease our cash flow, adversely affect our business and financial condition and prevent us from raising additional capital," and "—We may not be able to raise additional capital."

Our future cash needs are subject to significant uncertainties. For instance, we are exposed to the impact of future exchange rates on our USD denominated debt obligations and future requirements for USD denominated capital expenditures, which are generally funded by local currency cash flows of our subsidiaries. Remittances from our subsidiaries may also be restricted by local regulations or subject to material taxes when remitted. In addition, we have recently had material cash outflows with respect to the Uzbekistan settlement, and we expect to have material cash outflows in the short-term for our performance transformation project. Despite these uncertainties, we believe that our cash flows from operations and other sources of funds described above will be sufficient to meet our short-term and foreseeable long term cash requirements.

Contractual Obligations—continuing operations

As of December 31, 2015, we had the following contractual obligations in relation to our continuing operations, 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, 2015, see Note 27 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

	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]	10,986	1,970	4,242	1,520	3,254
Equipment financing[2]	840	206	321	248	65
Loans from others[2]	—	—	—	—	—
Non-cancellable lease obligations	279	60	101	52	66
Purchase obligations[3]	208	182	26	—	—
Other long-term liabilities	—	—	—	—	—
Total	**12,313**	**2,418**	**4,630**	**1,820**	**3,385**

(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.

(3) Purchase obligations primarily include our material contractual legal obligations for the future purchase of equipment and intangible assets. On October 4, 2013, PJSC VimpelCom and Apple signed an agreement to purchase iPhones (the "Agreement"). Under the Agreement, a specified number of iPhones handsets are to be ordered by PJSC 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 under "—Financing Activities" and in Note 27 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F, we have not had any material changes outside the ordinary course of our business in the specified contractual obligations.

Contractual Obligations—discontinued operations

As of December 31, 2015, we had the following contractual obligations in relation to our discontinued operations of WIND Italy, 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, 2015, see Note 27 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

	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]	15,205	657	1,314	8,364	4,870
Equipment financing[2]	—	—	—	—	—
Loans from others[2]	361	34	30	31	265
Non-cancellable lease obligations	304	116	84	52	52
Purchase obligations	1,056	1,056	—	—	—
Other long-term liabilities	—	—	—	—	—
Total	**16,926**	**1,864**	**1,428**	**8,447**	**5,187**

(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.

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.

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" and Note 25 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Certain Factors Affecting Our Financial Position and Results of Operations

Our financial position and results of operations for the three years ended December 31, 2015 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—The international economic environment could cause our business to decline. Inflation affects the purchasing power of our mass market customers, as well as corporate clients. For the years ended December 31, 2015, 2014 and 2013, Russia's inflation rates were 12.9%, 11.4% and 6.5% respectively, as provided by the Russian Federal State Statistics Service. For the years ended December 31, 2015 (except otherwise stated), 2014 and 2013, inflation rates in Algeria were 4.4%, 5.3% and 1.2% respectively, as provided by the Central Bank of Algeria; in Pakistan were 3.2%, 4.3% and 9.2% respectively, as provided by the Pakistan Bureau of Statistics; in Bangladesh were 6.1%, 6.1% and 7.4% respectively, as provided by the Central Bank of Bangladesh; in Ukraine were 43.3%, 24.9% and 0.5% respectively, as provided by the State Statistics Committee of Ukraine; in Kazakhstan were 13.6%, 7.4% and 4.8% respectively, as provided by the Agency of Statistics of the Republic of Kazakhstan; in Uzbekistan were 9.1%, 9.8% and 10.2% respectively, as provided by the International Monetary Fund; in Kyrgyzstan were 4.9% (October 31, 2015), 10.5% and 4.0% respectively, as provided by the International Monetary Fund; in Armenia were (0.1)%, 4.6% and 5.6%, as provided by the National Statistical Service of the Republic of Armenia; in Tajikistan were 11.7%, 7.4% and 3.7% respectively, as provided by the International Monetary Fund; in Georgia were 4.9%, 2.0% and 2.4% respectively, as provided by the Ministry of Economic Development of the Republic of Georgia; in Laos were 0.9%, 2.4% and 6.6% respectively, as provided by Bank of the Lao P.D.R., and in Italy were 0.0%, (0.1)% and 0.6% respectively, as provided by the Italian National Institute for Statistics.

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.

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.

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, 2015, 2014 and 2013, the official Central Bank of Russia Russian ruble-U.S. dollar exchange rates were 72.88, 56.26 and 32.73 Russian rubles per U.S. dollar, respectively. During 2015, the average Russian ruble-U.S. dollar exchange rate was 58.7% higher than the average Russian ruble-U.S. dollar exchange rate during 2014. 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.

Algeria

The national currency of Algeria is the Algerian dinar. We have determined that the functional currency for Algeria is the Algerian dinar. As of December 31, 2015, 2014 and 2013, the Algerian dinar-U.S. dollar exchange rates were 107.10, 87.92 and 78.38 Algerian dinar per U.S. dollar respectively, as provided by Bloomberg Finance L.P. During 2015, the average Algerian dinar-U.S. dollar exchange rate was 24.5% higher than the average Algerian dinar-U.S. dollar exchange rate during 2014. 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.

Pakistan

The national currency of Pakistan is the Pakistani rupee. We have determined that the functional currency for Pakistan is the Pakistani rupee. As of December 31, 2015, 2014 and 2013, the Pakistani rupee-U.S. dollar exchange rates were 104.73, 100.52 and 105.33 Pakistani rupee per U.S. dollar respectively, as provided by Bloomberg Finance L.P. During 2015, the average Pakistani rupee-U.S. dollar exchange rate was 1.7% higher than the average Pakistani rupee-U.S. dollar exchange rate during 2014. 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.

Bangladesh

The national currency of Bangladesh is the Bangladeshi taka. We have determined that the functional currency for Bangladesh is the Bangladeshi taka. As of December 31, 2015, 2014 and 2013, the Bangladeshi taka-U.S. dollar exchange rates were 78.25, 77.93 and 77.67 Bangladeshi taka per U.S. dollar respectively, as provided by Bloomberg Finance L.P. During 2015, the average Bangladeshi taka-U.S. dollar exchange rate was 0.5% higher than the average Bangladeshi taka-U.S. dollar exchange rate during 2014. 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.

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, 2015, 2014 and 2013, the official National Bank of Ukraine (NBU) hryvnia-U.S. dollar exchange rates were 24.00, 15.77 and 7.99 Ukrainian hryvnia per U.S. dollar, respectively. During 2015, the average Ukrainian hryvnia-U.S. dollar NBU exchange rate was 83.3% higher than the average Ukrainian hryvnia-U.S. dollar NBU exchange rate during 2014. 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.

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, 2015, 2014 and 2013, the official National Bank of Kazakhstan tenge-U.S. dollar exchange rates were 339.47, 182.35 and 153.61 Kazakh tenge per U.S. dollar, respectively. During 2015, the average Kazakh tenge-U.S. dollar exchange rate was 24.1% higher than the average Kazakh tenge-U.S. dollar exchange rate during 2014. 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.

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, 2015, 2014 and 2013, the official Central Bank of the Republic of Uzbekistan som-U.S. dollar exchange rates were 2,809.98, 2,422.4 and 2,202.20 Uzbek som per U.S. dollar, respectively. During 2015, the average Uzbek som-U.S. dollar exchange rate was 11.1% higher than the average Uzbek som-U.S. dollar exchange rate during 2014. 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.

Other Countries

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, 2015, 2014 and 2013, the official National Bank of the Kyrgyz Republic Kyrgyz som-U.S. dollar exchange rates were 75.90, 58.89 and 49.25 Kyrgyz som per U.S. dollar, respectively. During 2015, the average Kyrgyz som-U.S. dollar exchange rate was 20.2% higher than the average Kyrgyz som-U.S. dollar exchange rate during 2014. 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.

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, 2015, 2014 and 2013, the official Central Bank of Armenia Armenian dram-U.S. dollar exchange rates were 483.75, 474.97 and 405.64 Armenian drams per U.S. dollar, respectively. During 2015, the average Armenian dram-U.S. dollar exchange rate was 14.9% higher than the average Armenian dram-U.S. dollar exchange rate during 2014. 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.

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, a substantial part of capital expenditures is purchased from international suppliers and priced and paid in the U.S. dollars.

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, 2015, 2014 and 2013, the official National Bank of Georgia Georgian lari-U.S. dollar exchange rates were 2.39, 1.86 and 1.74 Georgian lari per U.S. dollar, respectively. During 2015, the average Georgian lari-U.S. dollar exchange rate was 28.6% higher than the average Georgian lari-U.S. dollar exchange rate during 2014. 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.

Laos

The national currency of Laos is the Lao kip. We have determined that the functional currency of our subsidiary in Laos is the Lao kip, as it reflects the economic substance of the underlying events and circumstances of the company. The Lao kip is not a convertible currency outside Laos. As of December 31, 2015, 2014, 2013, Lao kip-U.S. dollar exchange rates were 8,148.00, 8,099.05 and 8,021.50 Lao kip per U.S. dollar respectively, as provided by Bloomberg Finance L.P. During 2015, the average Lao kip-U.S. dollar exchange rate was 1.0% higher than the average Lao kip-U.S. dollar exchange rate during 2014. During 2014, the average Lao kip-U.S. dollar exchange rate was 2.7% higher than the average Lao kip-U.S. dollar exchange rate during 2013.

Italy

We have determined that the functional currency of WIND Italy is the Euro. As of December 31, 2015, 2014 and 2013, the Euro-U.S. dollar exchange rates were 0.92, 0.83 and 0.73 Euro per U.S. dollar respectively, as provided by Bloomberg Finance L.P. During 2015, the average Euro-U.S. dollar exchange rate was 19.5% higher than the average Euro-U.S. dollar exchange rate during 2014. 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.

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.”

ITEM 6. Directors, Senior Management and Employees

A. Directors and Senior Management

As of March 15, 2016, the members of our supervisory board were as follows:

Name	Age[1]	Position
Alexey M. Reznikovich	47	Chairman of Supervisory Board
Mikhail M. Fridman	51	Director
Gennady Gazin	51	Director
Andrei Gusev	43	Director
Gunnar Holt	61	Director[2]
Sir Julian Horn-Smith	67	Director
Morten Karlsen Sørby	56	Director[2]
Nils Katla	49	Director[2]
Trond Ø Westlie	54	Director

(1) As of March 15, 2016.
(2) In the third quarter of 2015, Mr. Sørby appointed Mr. Holt and Mr. Katla as his alternate directors as described below.

The members of our current supervisory board were elected at the June 19, 2015 annual general meeting of shareholders in accordance with our bye-laws and 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.

Pursuant to our bye-laws, in the third quarter of 2015, supervisory board member Morten Karlsen Sørby appointed (i) Gunnar Holt to serve as his alternate director on the supervisory board (for all purposes other than serving on the compensation committee) and (ii) Nils Katla to serve as his alternate director on the supervisory board (only for purposes of serving on the compensation committee). In addition to Mr. Holt's and Mr. Katla's own rights and powers as elected members of the supervisory board, Mr. Holt exercises all rights and powers of Mr. Sørby (except in relation to serving on the compensation committee) and Mr. Katla exercises all rights and power of Mr. Sørby (only in relation to serving on the compensation committee).

As of March 15, 2016, the members of our management board were as follows:

Name	Age[1]	Position
Jean-Yves Charlier	52	Group Chief Executive Officer
Andrew Davies	50	Group Chief Financial Officer
Mikhail Slobodin	43	Head of Russia
Maximo Ibarra	47	Head of Italy
Vincenzo Nesci	66	Chief Executive Officer of GTH
Peter Chernyshov	47	Head of Ukraine
Jeffrey Hedberg	54	Head of Pakistan
Ghada Gebara	46	Head of Algeria[2]
Erik Aas	49	Head of Bangladesh
Oleksandr Komarov	43	Head of Kazakhstan
Anton Kudryashov	48	Chief Business Development and Portfolio Officer
Yogesh Malik	43	Group Chief Technology Officer
Jeremy Roffe-Vidal	46	Group Chief Human Resources Officer
Mikhail Gerchuk	43	Head of Eurasia
Jon Eddy	49	Head of Emerging Markets
Scott Dresser	48	Group General Counsel
Enrique Aznar	52	Group Chief Compliance Officer
Alexander Matuschka	44	Group Chief Performance Officer
Rozzyn Boy	38	Chief Communications and Brand Officer
Christopher Schlaeffer	46	Chief Digital Officer

(1) As of March 15, 2016.
(2) We expect that Ghada Gebara will move internally to our headquarters in Amsterdam at the end of March 2016. The new Head of Algeria and Chief Executive Officer of Djezzy will be announced in due course.

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 PJSC 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 Ltd. 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 PJSC 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 and a director of VimpelCom Ltd. since June 2015. 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. Mr. Gazin currently serves as 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 & 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/Tellcordia 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 M.B.A. from the Wharton School of Business at the University of Pennsylvania 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 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, joining in 2014, 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 an M.B.A. from the Wharton School at the University of Pennsylvania in 2000 and a diploma with honors from the Department of Applied Mathematics and Computer Science at Lomonosov Moscow State University in 1994.

Gunnar Holt has been a director of VimpelCom Ltd. since June 2015. Mr. Holt is serving as a member of VimpelCom Ltd.'s finance and strategy committee and audit committee. Mr. Holt has been a Senior Advisor at Telenor ASA since 2006 and previously served as a Group Finance Director from 2000 to 2006. From 1995 to 1999, he worked at Aker ASA and Aker RGI ASA, serving as Executive Vice President and CFO. From 1986 to 1995, he held various leadership positions in the Aker Group, including Deputy President of Norwegian Contractors AS, Executive Vice President and Chief Financial Officer of Aker Oil and Gas Technology AS, President of Aker Eiendom AS, and Finance and Accounting Director of Aker Norcem AS. From 1978 to 1986, he served as Executive Officer and Special Advisor in the Norwegian Ministry of Petroleum and Energy. Mr. Holt holds a Doctor of Business Administration degree and Advanced Postgraduate Diploma in Management Consultancy from Henley Management Collage, Brunel University, in the United Kingdom; an MBA from the University of Queensland in Australia, and an M.B.A. in finance from the University of Wisconsin. He also received a Diplomøkonom from The Norweigan School of Management. Mr. Holt has served on a number of corporate boards.

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. Sir Julian is active in the global telecommunications sector as a Senior Advisor to UBS Investment Bank, in London and Senior Advisor to CVC (Telecoms and Media). He also serves as an advisor to LetterOne. Sir Julian previously served as Senior Advisor to the Etisalat Group board from 2011 to 2014. 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. He currently serves as a member of the board of Digicel, a Caribbean and Pacific operator. Sir Julian is also Chairman of eBuilder, based in Sweden. 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 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 University of London in 1970 and a Master of Science from University of Bath in the United Kingdom in 1979.

Nils Katla has been a director of VimpelCom Ltd. since June 2015. Mr. Katla is a member of VimpelCom Ltd.'s nominating and corporate governance committee and compensation committee (as an alternate director for Mr. Sørby). Mr. Katla is a member of the Board of Directors for Telenor Hungary. Mr. Katla joined the Telenor Group in 2001 and has been responsible for growing Telenor's Nordic and European positions, resulting in a number of acquisitions. He is currently serving as the Senior Vice President of Mergers & Acquisitions for Telenor ASA. From 2004 to 2007, he was a member of the Management Board of Telenor Norway. He has served on a number of Boards of Directors for Telenor Group companies. Before joining Telenor, Mr. Katla served as the Executive Vice President of the Consumer Division at Enitel from 2000 to 2001. He also headed the consumer division of TeliaSonera as the Senior Vice President from 1997 to 1999. He has also worked for McKinsey & Company from 1995 to 1997 and Arthur Andersen & Company (later Accenture) from 1990 to 1993. Mr. Katla holds a Master of Science degree in Computer Science and Telematics from the Norwegian Institute of Technology and an M.B.A. from INSEAD.

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 Chief Financial Officer and member of the Executive Board, in addition to also serving as a member of the boards of various A.P. Moller—Maersk companies. 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 Chief Financial Officer 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 and Shama AS. Mr. Westlie qualified as a State Authorized Public Auditor from Norges Handelshøyskole in Norway in 1987.

In the third quarter of 2015, our supervisory board approved the appointments of (i) Gunnar Holt as alternate director to Morten Karlsen Sørby on our supervisory board (for all purposes other than serving on the compensation committee) and (ii) Nils Katla as alternate director to Morten Karlsen Sørby on our supervisory board (only for purposes of serving on the compensation committee). In addition to Mr. Holt's and Mr. Katla's own rights and powers as elected members of the supervisory board, Mr. Holt exercises all rights and powers of Mr. Sørby (except in relation to serving on the compensation committee) and Mr. Katla exercises all rights and powers of Mr. Sørby (only in relation to serving on the compensation committee).

Morten Karlsen Sørby has been a 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, in addition to his position as acting Chief Financial Officer of Telenor ASA. Mr. Sørby also holds a number of other positions within the Telenor Group, as he was appointed Head of Strategy and Regulatory Affairs in 2011, Head of Corporate Development in 2009 and Head of the Nordic Region of Telenor in 2005. Previously, in 2014, Mr. Sørby served as Chief Executive Officer of Uninor, an Indian Telenor Group Company. He also served as Senior Vice President, General Manager and Deputy Chief Executive Officer in a number of Telenor Group companies between 1995 and 2002. Mr. Sørby joined the Telenor Group in 1993 as a Vice President in Norsk Telekom, a subgroup of the Telenor Group. 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. Mr. Sørby was a member of the board of directors of PJSC VimpelCom from 2000 to 2003. 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.

Management Board

Jean-Yves Charlier was appointed as Chief Executive Officer of VimpelCom Ltd. by the VimpelCom Ltd. supervisory board in April 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 in 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 Chief Financial Officer of Vodafone India and Vodafone Turkey as well as positions in Vodafone UK and Vodafone Japan, from 2003 until 2010. Prior to joining Vodafone in 2003, Mr. Davies was Chief Financial Officer of Singlepoint (4U) from 2001, which was acquired by Vodafone in 2003, and also held positions with Honeywell Inc. and General Electric 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, and is an Associate of the Royal College of Science.

Mikhail Slobodin has served as Head of Russia of VimpelCom Ltd. and General Director of PJSC 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 2011 to 2013. He has held key positions in several companies in the oil & gas sector including General Director and President of CJSC Integrated Energy Systems from 2003 to 2011; President of OJSC Russian Utility Systems from 2005 to 2008; Vice President for Energy of OJSC TNK-BP from 2002 to 2004; First Vice General Director of Finance & Economy of Irkutskenergo from 2001 to 2002 and Head of Regional Development of Renova from 2000 to 2001. Mr. Slobodin also worked for NTMK from 1999 to 2000, SUAL from 1996 to 1999 and ALCUR during 1996. Mr. Slobodin started his career in 1992 at SUBR. 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 2011 to 2012, Mr. Ibarra served as the Consumer Director of WIND Italy, having served as Mobile Consumer Director from 2009 to 2011. He also served as the Mobile Marketing and Customer Management Director from 2007 to April 2009 and the Vice President of Mobile Marketing from 2004 to 2007. From 2003 to 2004, Mr. Ibarra served as Vice President Marketing & Strategies of the Benetton Group. From 2001 to 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 1996 to 2000, he held several positions in Omnitel (now Vodafone). Mr. Ibarra completed the General Management Programme at the London Business School in 2008 and received a Master in Telco Marketing from INSEAD in 2000. Mr. Ibarra received an M.B.A. from STOA at MIT in 1994 and holds a degree in Political Sciences and Economics from the Sapienza University of Rome in 1991.

Vincenzo Nesci has served as Chief Executive Officer of GTH since July 2014 and Executive Chairman of Optimum Telecom Algeria since July 2012. Mr. Nesci served as the Chief Executive Officer of the Sub-Saharan Africa Cluster of GTH from 2011-2012. In 2010, Mr. Nesci joined GTH as the CEO Senior Advisor. Previously, Mr. Nesci joined Alcatel in 1980 and held positions in Egypt, Italy, Belgium, Ethiopia and East Africa. He served as President of the Middle East and Africa Business Unit from 2008, previously serving as the Vice-President for the Middle East from 1999 and Country Senior Officer of Alcatel in Egypt from 1993. 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 2012 to 2014, and as Chief Executive Officer of Carlsberg Ukraine from 2006 to 2012. Since 1999, Mr. Chernyshov has occupied several positions in the companies of BBH (Baltic Beverage Holding, now part of the Carlsberg Group), working at different times in three countries: from 1999 to 2000 as the Business controller for Russian operations in the BBH HQ Stockholm, Sweden; from 2001 to 2002, as the CFO of BBH in Kiev, Ukraine; from 2003 to April 2006, as the CEO of Vena Breweries, Saint Petersburg and Chelyabinsk, Russia; and from August 2005 to April 2006, as Vice President, Finance at Baltika, Saint Petersburg, Russia. Mr. Chernyshov is currently a member of the board of the American Chamber of Commerce (ACC) in Ukraine. Mr. Chernyshov received a Master's degree in mathematics from Ural State University in 1990 and an M.B.A. from Kingston University Business School in 2001.

Jeffrey Hedberg has been Head of Pakistan since 2014 and 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 a Private Equity Advisor from 2012 until 2014 and the Chief Operating Officer of Altech from 2011 to 2012. Mr. Hedberg served as CEO of Telekom South Africa from 2010 to 2011 and as CEO of Telkom's Nigerian subsidiary, Multi-Links Nigeria, from 2010 to 2011. From 2006 to 2009, Mr. Hedberg was CEO of Cell C in South Africa. Mr. Hedberg was appointed CEO and Chairman of Deutsche Telekom USA in 2002 and from 1999 to 2002, he was Executive Vice President and Member of the Board of Management of Deutsche Telekom AG where he developed the strategy for the International Division. Prior to that, Mr. Hedberg served as Executive Vice President of Swisscom International from 1997 to 1999 and as Deputy Director from 1996 to 1997. 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.

Ghada Gebara has been Head of Algeria and the Chief Executive Officer of Djezzy since June 2015. Prior to joining Djezzy, Ms. Gebara was the Chief Executive Officer at Korek Telecom from 2010 to 2015. From 2005 to 2010, Ms. Gebara worked at Digicel and served as the Chief Executive Officer of Digicel Honduras, Chief Executive Officer of Digicel Haiti, French West Indies and French Guiana as well as the Chief Executive Officer of Digicel Haiti. She also worked at Asiacel from 2004 to 2005 and at CELLIS from 1996 to 2004. Ms. Gebara received a Graduate Executive M.B.A. from the University of Quebec at Montreal in 2007, a Graduate Telecommunications Engineer degree from the Institute National des Telecommunications in 1996, a Certificate of Telecommunications Engineer from the Eurecom Institute in 1996 and a Graduate Master degree in Information System and Quality Management from the University of Havre.

Erik Aas has been Head of Bangladesh since December 2015. Mr. Aas previously served as the Chief Executive Officer of Pt AXIS Telekom from 2007 until 2014. From 1997 to 2007, Mr. Aas served in various senior executive roles for the Telenor Group, including as the Chief Executive Officer of Grameenphone. Mr. Aas is the Chairman and Managing Director of Lakeview Invest AS and Lakeview Trading AS since September 2014. Mr. Aas attended the International Directors programme from INSEAD from 2012 to 2013. Mr. Aas received an Executive M.B.A. from IMD, Switzerland in 2001 and graduated with a Master of Science degree for Civil Engineering from the Norweigan University of Science and Technology in 1991.

Oleksandr Komarov has been Head of Kazakhstan since January 2016. Mr. Komarov served as the Chief Commercial Officer at Beeline Kazakhstan from July 2013 until 2016. Previously, Mr. Komarov served as the Chief Executive Officer of GroupM from 2007 to 2013, Acting Chief Executive Officer of MediaCom from 2009 to 2010, the Chief Executive Officer of Video International Advertising Group Kiev from 2006 to 2007 and the Chief Executive Officer of Adell Saatchi & Saatchi from 2004 to 2006. Mr. Komarov received an Executive M.B.A. from the Stockholm School of Economics in 2006 as well as a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing in 2001. Mr. Komarov received a degree in electronic devices engineering from the National Technical University of Ukraine 'Kyiv Polytechnic Institute' in 1995.

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 PJSC 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 2008 until 2011. In 1998, Mr. Kudryashov founded Afisha Publishing House and was the Chairman of the Board of Afisha Publishing House until 2005. In 1995, he became one of the founding partners of Renaissance Capital investment bank, serving as the Chairman of the Board from 2003 until 2005. Mr. Kurdryashov served as the Chief Operating Officer of the Sputnik Group from 1999 until 2003. From 2002 to 2003, Mr. Kudryashov also served as the restructuring Chief Executive Officer of NTV-Plus. Mr. Kudryashov has also held senior executive positions in insurance and private equity. 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. Mr. Kudryashov graduated with a degree in International 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 from 2010, including COO covering the areas of Technology, Regulatory and Customer Care. Mr. Malik has also served as Head of Technology & Sourcing at Telenor Group headquarters in Norway, CTO of Kyivstar in Ukraine and CTO of Grameenphone in Bangladesh. 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 that, 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 was educated in Frankfurt am Main and holds a degree in Psychology.

Mikhail Gerchuk has been Head of Eurasia since October 2015. He served as Group Chief Commercial and Strategy Officer from July 2012 until October 2015, Acting Head of the former CIS Business Unit from February 2014 to January 2015, and Group Chief Commercial Officer from October 2011 to July 2012. 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 Marketing Manager at Mars, Inc. Mr. Gerchuk received an M.B.A. from INSEAD in 1999 and an M.A. in Economic Geography and English from Moscow State University in 1994.

Jon Eddy has been Head of Emerging Markets since January 2016. Mr. Eddy has extensive experience in leadership positions in the telecommunications industry in emerging markets, especially in Asia. He joined VimpelCom from dtac, Thailand's second largest mobile operator, where he was Chief Executive Officer from 2011 until 2014. Jon has previously been Chief Executive Officer of Telenor Pakistan from 2008 to 2011, Chief Operating Officer at Maxis Mobile in Malaysia from 2007 until 2008, and Chief Technology Officer at Digi Telecom in Malaysia from 2002 until 2007. He holds a Bachelor of Science degree in Electrical Engineering from Montana State University.

Scott Dresser was appointed as Group General Counsel, with effect from September 1, 2014. Scott was also appointed a member of the Group Executive Board and the Group Management Board. Scott Dresser was most recently Vice President of Global Strategic Initiatives at BirdLife International, a global conservation organization. Between 2006 and 2012, Scott 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 International Global Conservation Fund (an international environmental conservation organization) from 2002-2005; and positions at Morgan, Lewis & Bockius LLP and at Lord Day & Lord, Barrett Smith. Scott studied at the Vanderbilt University School of Law and University of New Hampshire, and was admitted to the Bar, in New York and Connecticut, in 1993. Mr. Dresser is on the advisory boards of BirdLife International and the Caucasus Nature Fund.

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 from 2011 until 2013; Chief Ethics & Compliance Officer at Nokia Siemens Networks, based in Helsinki from 2009 until 2011; Deputy General Counsel & Chief Compliance Officer for Europe, Middle East, and Africa for Tyco International from 2005 until 2009 and held different legal roles with Dell, Inc from 2000 to 2005, Freshfields from 1997 to 2000, Price Waterhouse from 1994 to 1997 and Arthur Andersen from 1989 to 1992. Enrique is a qualified lawyer in Spain, England and Wales. Mr. Aznar attended a Leadership Program at Stanford University in the United States in 2012. He earned a Business Management Program certificate (PDD) at IESE Business School in 2003, a Master of Arts in International & Comparative Business Law in London in 1993 and a Licenciatura en Derecho (Law Degree) from the University of Barcelona in 1988.

Alexander Matuschka has served as Group Chief Performance Officer since July 2015. Mr. Matuschka came to VimpelCom from Nokia Networks, where he was Chief Transformation Officer from 2014 to 2015 and, previously, Chief Restructuring Officer from 2011 until 2014. Prior to joining Nokia, Mr. Matuschka gained extensive experience in in the automotive and machining industries with P&L responsibility in multiple areas, including restructuring, re-organization, procurement, logistics, supply chain management and lean manufacturing/assembly, including serving as the Interim Chief Operations Officer for ATU GmbH from 2010 until 2011 and Chief Executive Officer of EUROPART Holding GmbH from 2007 to 2009. As of March 2014, Mr. Matuschka is also a member of the Supervisory Board for Scout 24, which develops online marketplaces and buyer guides. Mr. Matuschka holds a business degree (Diplom-Kaufmann) in International Business Economy from International Business School Lippstadt in Germany and West Virginia University, USA.

Rozzyn Boy joined the company in February 2015 as Chief Communications and Brand Officer. Ms. Boy was previously Head of Global Corporate Communications and Brand for Tata Communications Ltd from 2010 to 2015, 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 Hill & Knowlton as UK Technology Practice Head during 2009, Firefly Communications as Associate Director from 2005 to 2009 and Text 100. She was also Head of Communications for Motorola Sub-Saharan Africa from 2002 to 2005. Ms. Boy has a BA with honors in Communications and Journalism from The Nelson Mandela Metropolitan University in South Africa.

Christopher Schlaeffer has served as Chief Digital Officer since January 2016, with responsibility for the development of new digital services and telecommunications propositions and for leading the Group's global commercial functions. Mr. Schlaeffer joined VimpelCom from his role as Founder and Chief Executive Officer of two tech startups in Berlin and London which he served from 2010 until 2015. Prior to that, Mr. Schlaeffer was with Deutsche Telekom for 12 years as the group's Chief Product and Innovation Officer, Corporate Development Officer (with responsibility for Technology, IT, Innovation, R&D, and Venture Capital), Chief Strategy Officer and Chief Marketing Officer of the mobile division for T-Mobile International. He also served as a Member of the Executive Operating Board and played a key role in Deutsche Telekom's transformation. Mr. Schlaeffer holds a Master's degree from the Vienna University of Economics and is recognized as a "Young Global Leader" by the World Economic Forum.

B. Compensation

We paid our directors and senior managers an aggregate amount of approximately US$41.2 million for services provided during 2015, including approximately US$3.4 million for stock-based compensation awards. In addition, we granted contingent compensation of approximately US$27.4 million, comprised entirely of cash-based long-term incentive plan 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 (including Morten Karlsen Sørby, whose rights and powers may be exercised by Gunnar Holt and Nils Katla as described above). 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 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 primarily responsible for 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), Gennady Gazin and Gunnar Holt, are expected to serve until our next annual general meeting.

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), Andrei Gusev and Nils Katla, are expected to serve until our next annual general meeting. Nils Katla is presently serving as an alternate director for, and in place of Morten Karlsen Sørby (only for purposes of serving on the compensation committee).

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 Nils Katla, are expected to serve until our next annual general meeting.

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 Gunnar Holt, 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. For details related to the agreements related to the investigations by the SEC, the DOJ and the OM, please also see "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We are subject to a DPA with the DOJ, a Consent with the SEC, and a settlement agreement with the OM. The agreements with the DOJ and the SEC require us to retain, at our own expense, an independent compliance monitor, and the DPA and the agreement with the OM require us to continue to cooperate with the agencies regarding their investigations of other parties. We will incur costs in connection with these obligations, which may be significant," "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—If we commit a breach of the DPA, we may be subject to criminal prosecution. Such criminal prosecution could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects," "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We may face other potentially negative consequences relating to the investigations by, and agreements with, the DOJ, SEC and OM, including additional investigations and litigation," and Note 24 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

D. Employees

The following chart sets forth the number of our employees as of December 31, 2015, 2014 and 2013, respectively:

	As of December 31,		
	2015	**2014**	**2013**
Russia	29,255	27,935	26,843
Algeria	3,669	3,732	4,040
Pakistan	6,361	8,959	9,122
Bangladesh	2,194	2,428	2,634
Ukraine	2,945	4,116	4,510
Kazakhstan	2,211	1,834	1,818
Uzbekistan	1,241	1,388	1,520
HQ and Others	4,445	4,815	4,915
Other Countries	4,100	4,666	4,811
HQ	345	149	104
Italy	6,804	6,896	6,903
Total	**59,125**	**62,103**	**62,305**

The following chart sets forth the number of our employees as of December 31, 2015, according to geographic location and our estimates of main categories of activities:

	As of December 31, 2015							
Category of activity[1]	**Russia**	**Algeria**	**Pakistan**	**Bangladesh**	**Ukraine**	**Kazakhstan**	**Uzbekistan**	**Italy**
Executive and senior management	116	99	54	193	5	184	26	119
Engineering, construction and information technology	5,295	870	766	642	1,111	144	189	3,083
Sales, marketing and other commercial operations	12,546	1,062	1,552	381	870	961	60	1,642
Finance, administration and legal	1,810	473	410	101	441	177	103	415
Customer service	7,549	953	2,788	771	200	46	297	1,153
Site acquisitions, regional projects and security	457	—	279	21	51	560	505	—
Procurement and logistics	798	154	90	45	88	57	25	97
Other support functions	684	58	422	40	179	82	36	295
Total	**29,255**	**3,669**	**6,361**	**2,194**	**2,945**	**2,211**	**1,241**	**6,804**

(1) A breakdown of employees by category of activity is not available for our HQ and Others segment.

Our employees are not unionized, except in Algeria and Italy, where certain employees are covered by collective bargaining agreements. We consider relations with our employees to be generally good. In Bangladesh, in February 2016, we experienced labor disruptions in connection with the implementation of our announced performance transformation strategy; however, such disruptions have not had a significant impact on our operations. Please see "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We may be adversely impacted by work stoppages and other labor matters."

E. Share Ownership

To our knowledge, as of March 15, 2016, 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 L1T VIP Holdings S.à r.l. ("L1T VIP Holdings") 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 L1T VIP Holdings. 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 15, 2016 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 15, 2016, 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
L1T VIP Holdings S.à r.l.(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. 18, filed on November 12, 2015, by L1T VIP Holdings with the SEC, L1T VIP Holdings is the direct beneficial owner of, and Letterone Investment Holdings S.A. may be deemed the beneficial owner of, 986,572,563 VimpelCom Ltd. common shares. The common shares held by L1T VIP Holdings 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. 29, filed on October 5, 2015, by Telenor East Holdings II AS ("Telenor East") with the SEC, Telenor East is the direct beneficial owner of, and Telenor Mobile Holding AS and Telenor ASA may be deemed to be the beneficial owners of, 580,578,840 VimpelCom Ltd. common shares and 305,000,000 VimpelCom Ltd. convertible preferred shares. The common shares held by Telenor East represent approximately 33.0% of VimpelCom Ltd.'s outstanding common shares. The convertible preferred shares held by Telenor East represent all of VimpelCom Ltd's outstanding convertible preferred shares and, together with the common shares held by Telenor East, represent approximately 43.0% of VimpelCom Ltd.'s 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. 12, filed on April 23, 2013 by Altimo Coöperatief U.A. with the SEC, on April 16, 2013, Altimo Coöperatief U.A. paid to VimpelCom Ltd. a conversion premium of US$1,392,644,220 (or US$10.835 per share), and Altimo Coöperatief U.A.'s 128,532,000 VimpelCom Ltd. convertible preferred shares automatically converted into 128,532,000 VimpelCom Ltd. common shares.

As reported on Schedule 13D, Amendment No. 14, filed on December 13, 2013 by Altimo Coöperatief U.A. with the SEC: Altimo Holdings & Investments Ltd. directly and indirectly owned 100% of the membership interests in Altimo Coöperatief U.A., Letterone Overseas Investments Limited directly owned a majority of the shares of Altimo Holdings & Investments Ltd., Letterone Holdings S.A. was the sole shareholder of Letterone Overseas Investments Limited, Roniju Holdings Limited directly owned a majority of the shares of Letterone Holdings S.A., Crown Finance Foundation was the sole shareholder of Roniju Holdings Limited and each such entity, in such respective 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. 15, filed on February 19, 2014 by Altimo Coöperatief U.A. with the SEC, Letterone Overseas Investments Limited completed an acquisition of all of the shares in Altimo Holdings & Investments Ltd. held by the other shareholders of Altimo Holdings & Investments Ltd.

As reported on Schedule 13D, Amendment No. 16, filed on December 18, 2014 by Altimo Coöperatief U.A. with the SEC, on December 16, 2014, Roniju Holdings Limited completed an internal reorganization, and as part of that reorganization, the shares in Letterone Holdings S.A. owned by Roniju Holdings Limited (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.

As reported on Schedule 13D, Amendment No. 17, filed on November 6, 2015 by Letterone Investment Holdings S.à r.l. with the SEC, Letterone Holdings S.A. and its affiliates engaged in an internal reorganization, and as part of that reorganization, 986,572,563 VimpelCom Ltd. common shares were transferred by Altimo Coöperatief U.A. to L1T VIP Holdings on October 30, 2015.

As reported on Schedule 13D, Amendment No. 18, filed on November 12, 2015 by L1T VIP Holdings with the SEC, Letterone Holdings S.A. and its affiliates engaged in an internal reorganization, and as part of that reorganization, on November 11, 2015, all of the shares in Letterone Investment Holdings S.A. owned by Letterone Holdings S.A. (which constituted a controlling interest in L1T VIP Holdings and the indirect ownership of the 986,572,563 VimpelCom Ltd. common shares) were transferred to six separate entities.

Based on a review of our register of members maintained in Bermuda, as of March 15, 2016, 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, infrastructure sharing 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.

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 L1HS Corporate Advisor Limited, dated December 1, 2010, under which L1HS 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 L1HS Corporate Advisor Limited and VimpelCom. VimpelCom pays L1HS Corporate Advisor Limited annually US$1.5 million for the services. VimpelCom is also party to a Consultancy Deed with L1HS Corporate Advisor Limited, dated August 21, 2013, under which L1HS 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 first by LetterOne Corporate Advisor Limited pursuant to a Deed of Assignment and Novation dated June 3, 2014, and later by LIHS Corporate Advisor Limited pursuant to a Deed of Novation and Amendment dated January 14, 2016.

Related Party Transactions with Alfa Group and its Affiliates

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" for information regarding two credit facilities between VimpelCom Amsterdam and 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 PJSC 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, as amended, between VimpelCom, Telenor East and certain of its affiliates, Altimo Holdings & Investments Ltd. and Altimo Coöperatief U.A. 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 Registration Rights Agreement, of our securities held by such party in order to facilitate the sale and distribution of such securities. Pursuant to the Registration Rights Agreement, we have filed a registration statement on Form F-3 with the SEC using a "shelf" registration process. 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. As of the date of this report, we do not qualify as a well-known seasoned issuer (as such term is defined in Rule 405 under the Securities Act) and, as a result, we and any selling shareholders are currently unable to use automatic shelf registration for the resale of such securities.

Related Party Transactions with Joint Ventures and Associates

Euroset

PJSC VimpelCom has commercial contracts with Euroset, which became an associate in October 2008. In 2015, PJSC VimpelCom recognized US$5 million of revenue from Euroset primarily for mobile and fixed-line services and from the sale of equipment and accessories. PJSC VimpelCom accrued to Euroset certain expenses totaling US$20 million in 2015, primarily dealer commissions and bonuses for services for acquisition of new customers, customer care and receipt of customers' payments.

WIND Italy

Following the reclassification of our operations in Italy as an asset held for sale and a discontinued operation, the intercompany positions between the continued and discontinued portions of our group were no longer eliminated. Consequently, the outstanding balances and transactions occurred are treated as related party transactions, mainly representing regular business activities, i.e., roaming and interconnect.

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 2015 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 also see "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We are subject to a DPA with the DOJ, a Consent related to the SEC, and a settlement agreement with the OM. The agreements with the DOJ and the SEC require us to retain, at our own expense, an independent compliance monitor, and the DPA and the agreement with the OM require us to continue to cooperate with the agencies regarding their investigations of other parties. We will incur costs in connection with these obligations, which may be significant," "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business— If we commit a breach of the DPA, we may be subject to criminal prosecution. Such criminal prosecution could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects," "Item 3—Key Information—D. Risk Factors—Risks Related to Our Business—We may face other potentially negative consequences relating to the investigations by, and agreements with, the DOJ, SEC and OM, including additional investigations and litigation."

Policy on Dividend Distributions

In January 2014, our supervisory board approved a dividend policy pursuant to which, from 2014 and subject to the requirements of the Companies Act, 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 compliance with the Companies Act and 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 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 prohibited 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 the Companies Act, 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.

On November 6, 2015, we announced the payment of a dividend of US$0.035 per common share. The dividend was paid on December 7, 2015.

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 New York Stock Exchange for periods prior to September 10, 2013, when we switched the listing of our ADSs to the NASDAQ Global Select Market. Subsequent periods are based on NASDAQ market quotations. Each of our ADSs represents one of our common shares.

Year Ended December 31	High	Low
2011:		
Annual	US$ 15.69	US$ 9.16
2012:		
Annual	US$ 12.50	US$ 7.23
2013:		
Annual	US$ 14.55	US$ 9.65
2014:		
Annual	US$ 12.80	US$ 3.29
First Quarter	US$ 12.80	US$ 8.54
Second Quarter	US$ 9.25	US$ 7.59
Third Quarter	US$ 8.99	US$ 7.15
Fourth Quarter	US$ 6.90	US$ 3.29
2015:		
Annual	US$ 6.37	US$ 3.01
First Quarter	US$ 5.61	US$ 3.43
Second Quarter	US$ 6.37	US$ 4.95
Third Quarter	US$ 5.97	US$ 4.09
Fourth Quarter	US$ 4.30	US$ 3.01
Months		
September 2015	US$ 4.97	US$ 4.09
October 2015	US$ 4.30	US$ 3.76
November 2015	US$ 3.71	US$ 3.30
December 2015	US$ 3.52	US$ 3.01
January 2016	US$ 3.41	US$ 2.90
February 2016	US$ 3.79	US$ 3.13

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, our current bye-laws, 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, our 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 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 sub-sets: Section A and Section B. Section A of our bye-laws were in effect until the October 4, 2009 shareholders agreement among VimpelCom, Altimo Coöperatief U.A. and Telenor East, among others, 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, 2015, our authorized share capital was divided into common shares, par value US$0.001, of which 2,759,171,830 were authorized and 1,756,731,135 were issued, and convertible preferred shares, par value US$0.001, of which 305,000,000 were 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 applicable 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.

We may increase, divide, consolidate, change the currency or denomination of or reduce our share capital with the approval of our 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.

We may, under our bye-laws, at any time request any person we have cause to believe is interested in our shares to confirm details of our shares 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 applicable 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 and Bermuda law 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.

Convening the annual general meeting requires that 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.

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.

Convening a special general meeting requires that 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.

Shorter Notice for General Meetings

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. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a general meeting by, any shareholder entitled to receive notice shall not invalidate the proceedings at that meeting.

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 by 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;
- any merger, consolidation, amalgamation, conversion, reorganization, scheme of arrangement, dissolution or liquidation, 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;
- 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 day to day 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 prohibited 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 the Companies Act, 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 compliance with 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

The Contribution and Framework Agreement, dated as of August 6, 2015, by and among VimpelCom, VimpelCom Amsterdam B.V., Hutchison, Hutchison Europe Telecommunications S.à r.l. and Hutchison 3G Italy Investments S.à r.l., sets out the terms on which the parties will form the equal joint venture holding company to own and operate their telecommunication businesses in Italy. A copy of this agreement is included as Exhibit 4.4 to this Annual Report on Form 20-F.

The Shareholders' Deed, dated as of August 6, 2015, by and among Hutchison 3G Italy Investments S.à r.l., VimpelCom Luxembourg Holdings S.à r.l., Hutchison Europe Telecommunications S.à r.l., VimpelCom and Hutchison, sets out the terms on which Hutchison 3G Italy Investments S.à r.l. and its subsidiaries will be owned, controlled, managed and financed following the completion of the Italy Joint Venture. A copy of this agreement is included as Exhibit 4.5 to this Annual Report on Form 20-F.

For more information regarding these agreements and the Italy Joint Venture, see "Item 5—Operating and Financial Review and Prospects—Recent Developments and Trends—Italy Joint Venture."

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, for such time as our ADSs remain listed on an appointed stock exchange (which includes NASDAQ), 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. 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 prior 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 the company 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 rules to their ownership of ADSs or common shares.

Dutch Tax Considerations

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of our ADSs and does not purport to describe every aspect of taxation that may be relevant to a particular holder. Tax matters are complex, and the tax consequences of the acquisition, ownership and disposal to a particular holder of ADSs will depend in part on such holder's circumstances. Accordingly, you are urged to consult your own tax advisor for a full understanding of the tax consequences of the acquisition, ownership and disposal to you, including the applicability and effect of Dutch tax laws.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands. This summary assumes that VimpelCom is organized, and that its business will be conducted, in the manner outlined in this Annual Report and Form 20-F. A change to such organizational structure or to the manner in which VimpelCom conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Annual Report and Form 20-F. The tax law upon which this summary is based, is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

The summary in this Dutch tax considerations paragraph does not address your Dutch tax consequences if you are a holder of ADSs who:

(i) may be deemed an owner of ADSs for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;

(ii) is, although in principle subject to Dutch corporation tax, in whole or in part, specifically exempt from that tax in connection with income from ADSs;

(iii) is an investment institution as defined in the Dutch Corporation Tax Act 1969;

(iv) owns ADSs in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role; or

(v) has a substantial interest in VimpelCom or a deemed substantial interest in VimpelCom for Dutch tax purposes. Generally, you hold a substantial interest if (a) you—either alone or, in the case of an individual, together with 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 for Dutch tax purposes—own or are deemed to own, directly or indirectly, 5.0% or more of the shares or of any class of shares of VimpelCom, or rights to acquire, directly or indirectly, such an interest in the shares of VimpelCom or profit participating certificates relating to 5.0% or more of the annual profits or to 5.0% or more of the liquidation proceeds of VimpelCom, or (b) your shares, rights to acquire shares or profit participating certificates in VimpelCom are held by you following the application of a non-recognition provision.

Taxes on income and capital gains

Non-resident individuals

If you are an individual who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch income tax, you will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with your ADSs, except if:

(i) you derive profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and your ADSs are attributable to such permanent establishment or permanent representative; or

(ii) you derive benefits or are deemed to derive benefits from or in connection with ADSs that are taxable as benefits from miscellaneous activities performed in the Netherlands.

Non-resident corporate entities

If you are a corporate entity, or an entity including an association, a partnership and a mutual fund, taxable as a corporate entity, which is neither resident, nor deemed to be resident in the Netherlands for purposes of Dutch corporation tax, you will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with ADSs, except if:

(i) you derive profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in the Netherlands, and to which permanent establishment or permanent representative your ADSs are attributable; or

(ii) you derive profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities, and to which enterprise your ADSs are attributable.

General

If you are neither resident nor deemed to be resident in the Netherlands, you will for Dutch tax purposes not carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of ADSs or the performance by VimpelCom of its obligations under such documents or under the ADSs.

Dividend withholding tax

General

VimpelCom is generally required to withhold Dutch dividend withholding tax at a rate of 15.0% from dividends distributed by VimpelCom, subject to possible relief under Dutch domestic law, the Treaty on the Functioning of the European Union or an applicable Dutch income tax treaty depending on a particular holder of ADSs' individual circumstances.

The concept "dividends distributed by VimpelCom" as used in this Dutch tax considerations paragraph 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, 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.

Gift and inheritance taxes

No Dutch gift tax or Dutch inheritance tax will arise with respect to an acquisition or deemed acquisition of ADSs by way of gift by, or upon the death of, a holder of ADSs who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of ADSs becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of ADSs made under a condition precedent 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 100 F Street, NE, 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, 2015 and 2014, 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, 2015, 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, 2015
	2016	2017	2018	2019	2020	
Total debt:						
Fixed Rate (US$)	1,451	1,450	951	651	651	2,104
Average interest rate	8.4%	8.4%	8.0%	7.8%	7.8%	
Fixed Rate (RUB)	165	165	—	—	—	157
Average interest rate	9.0%	9.0%	—	—	—	
Fixed Rate (other currencies)	—	—	—	—	—	—
Average interest rate	—	—	—	—	—	
Variable Rate (US$)	—	—	—	—	—	14
Average interest rate	—	—	—	—	—	
Variable Rate (other currencies)	—	—	—	—	—	—
Average interest rate	—	—	—	—	—	
	1,615	1,615	951	651	651	2,275

In accordance with our policies, we do not enter into any treasury management transactions of a speculative nature.

As of December 31, 2015, the interest rate risk on the financing of our group was limited as 77% 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 ADR holders

The Bank of New York Mellon is the depositary for our ADR program. Our depositary collects its fees for delivery and surrender of ADRs directly from investors depositing shares or surrendering ADRs for the purpose of withdrawal. The depositary 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 depositary, dated March 26, 2010 (the "Deposit Agreement"), holders of our ADRs may have to pay our depositary, either directly or indirectly, fees or charges up to the amounts set forth in the table below.

For:	Persons depositing or withdrawing shares or ADR holders must pay to the depositary:
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)
Surrender of ADRs for the purpose of withdrawal, including if the deposit agreement terminates	US$5.00 (or less) per 100 ADRs (or portion of 100 ADRs)
Any cash distribution to ADR holders	US$0.02 (or less) per ADR
Depositary 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 depositary 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 depositary
Converting foreign currency to U.S. dollars	Expenses of the depositary
Taxes and other governmental charges the depositary 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 depositary 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, 2015 to December 31, 2015, the depositary reimbursed expenses of approximately US$100,000 for maintenance costs for the ADR program, and reimbursed us or paid on our behalf approximately US$2.51 million 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

None.

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, 2015, 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, 2015. 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, 2015, management concluded that our internal control over financial reporting was effective.

(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, 2015, a copy of which appears in Item 18.

(d) Changes in Internal Control Over Financial Reporting

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. 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 years ended December 31, 2015 and December 31, 2014, 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 2015 and 2014.

	Year ended December 31,	
	2015	2014
	(In millions)	
Audit Fees	US$ 9.7	US$ 9.1
Audit-Related Fees	US$ 1.0	US$ 0.8
Tax Fees	US$ 0.2	US$ 1.6
All Other Fees	US$ 0.1	US$ 2.9
Total	**US$ 11.0**	**US$ 14.4**

Audit Fees

Audit Fees mainly consisted of fees for the audit of the consolidated financial statements as of and for the years ended December 31, 2015 and 2014, 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 Fees

Audit-Related Fees are fees for assurance and related services which are reasonably related to the performance of audit or review and generally include audit and assurance services related to transactional offerings and reporting procedures and other agreed-upon services related to accounting and billing records.

Tax Fees

Tax Fees consisted of fees for permissible review of tax compliance, services for preparation of corporate and personal income tax returns for statutory tax purposes and tax-related surveys.

All Other Fees

All Other Fees include fees for 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, 2015.

ITEM 16D. Exemptions from the Listing Standards for Audit Committees

None.

ITEM 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 16F. Change in Registrant's Certifying Accountant

None.

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 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 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 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 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 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 primarily responsible for 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 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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ITEM 19. Exhibits

List of Exhibits.

Number	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Date	
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	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	
2.3	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	
2.4	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	
2.5	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.	20-F	001-34694	2.6	3/24/2015	
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	
4.4	Contribution and Framework Agreement, dated as of August 6, 2015, by and among VimpelCom Amsterdam B.V., VimpelCom Ltd., Hutchison Europe Telecommunications S.à r.l., CK Hutchison Holdings Limited and Hutchison 3G Italy Investments S.à r.l.[1]					*

Number	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Date	
4.5	Shareholders' Deed, dated as of August 6, 2015, by and among Hutchison 3G Italy Investments S.à r.l., VimpelCom Luxembourg Holdings S.à r.l., Hutchison Europe Telecommunications S.à r.l., VimpelCom Ltd. and CK Hutchison Holdings Limited					*
8	List of Subsidiaries					*
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					*
99.1	Glossary of Terms					*
99.2	Regulation of Telecommunications					*

(1) Confidential treatment has been requested for certain confidential portions of this exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended. In accordance with Rule 24b-2, these confidential portions have been omitted from this exhibit and furnished separately to the Securities and Exchange Commission.

VimpelCom Ltd. has not filed as exhibits instruments relating to long-term debt, under which the total amount of securities authorized does not exceed 10% of the total assets of VimpelCom Ltd. and its subsidiaries on a consolidated basis. VimpleCom Ltd. agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.

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/ Jean-Yves Charlier

Name: Jean-Yves Charlier
Title: Chief Executive Officer

Date: March 31, 2016

Consolidated financial statements

VimpelCom Ltd.

As of 31 December 2015 and 2014 and
for the three years ended 31 December 2015

Report of independent registered public accounting firm to be provided: 2015 and 2014

Report of independent registered public accounting firm to be provided: 2013

Report of Independent Registered Public Accounting Firm

To: the Supervisory Board and Shareholders of VimpelCom Ltd. ("the Company")

In our opinion, the accompanying consolidated statements 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 31 December 2015 and 31 December 2014, and the results of their operations and their cash flows for each of the two years in the period ended 31 December 2015 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 31 December 2015, 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 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 audits 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 audits 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a 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, 31 March 2016
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 income statement and statements of comprehensive income, changes in equity, and cash flows of VimpelCom Ltd. for the year ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of VimpelCom Ltd.'s operations and its cash flows for the year 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,
except for Notes 6, 7, and 28, as to which the date is
March 31, 2016

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VimpelCom Ltd.

Consolidated income statement

for the years ended December 31, 2015, 2014 and 2013

	Note	Year ended December 31, 2015	2014	2013
(In millions of U.S. dollars, except per share amounts)				
Service revenues		9,332	13,231	15,472
Sale of equipment and accessories		190	218	391
Other revenues/ other income	8	103	68	103
Total operating revenues	**7**	**9,625**	**13,517**	**15,966**
Operating expenses				
Service costs		1,956	2,962	3,595
Cost of equipment and accessories		231	252	438
Selling, general and administrative expenses*	9	4,563	4,743	6,256
Depreciation	15	1,550	1,996	2,245
Amortization	16	517	647	808
Impairment loss	10	245	976	2,963
Loss on disposals of non-current assets	15	39	68	93
Total operating expenses		**9,101**	**11,644**	**16,398**
Operating profit		**524**	**1,873**	**(432)**
Finance costs		829	1,077	1,213
Finance income		(52)	(52)	(90)
Other non-operating losses /(gains)	13	42	(121)	(84)
Share of (profit) /loss of associates and joint ventures accounted for using the equity method	12	(14)	38	159
Net foreign exchange loss		314	556	12
(Loss)/ profit before tax		**(595)**	**375**	**(1,642)**
Income tax expense	11	220	598	1,813
(Loss)/ profit for the period from continuing operations		**(815)**	**(223)**	**(3,455)**
Profit /(loss) after tax for the period from discontinued operations	6	262	(680)	(633)
(Loss)/ profit for the period		**(553)**	**(903)**	**(4,088)**
Attributable to:				
The owners of the parent (continuing operations)		(917)	33	(1,992)
The owners of the parent (discontinued operations)		262	(680)	(633)
Non-controlling interest	12	102	(256)	(1,463)
		(553)	**(903)**	**(4,088)**
Earnings/ (loss) per share from continued operations				
Basic, (loss)/ profit for the period attributable to ordinary equity holders of the parent	14	-$ 0.52	$ 0.02	-$ 1.16
Diluted, (loss)/ profit for the period attributable to ordinary equity holders of the parent	14	-$ 0.52	$ 0.02	-$ 1.16
Earnings/ (loss) per share from discontinued operations				
Basic, profit/ (loss) for the period attributable to ordinary equity holders of the parent	14	$ 0.15	-$ 0.39	-$ 0.37
Diluted, profit/ (loss) for the period attributable to ordinary equity holders of the parent	14	$ 0.15	-$ 0.39	-$ 0.37

Amounts for 2014 and 2013 have been restated to reflect the classification of Italy as held for sale and discontinued operations

* Expenses have been presented based on the nature of the expense in the consolidated income statement other than Selling, general and administrative expenses, which has been presented based on the function of the expense.

The accompanying notes are an integral part of these consolidated financial statements.

VimpelCom Ltd.

Consolidated statement of comprehensive income
for the years ended December 31, 2015, 2014 and 2013

(In millions of U.S. dollars)	Note	Year ended December 31, 2015	2014	2013
(Loss)/ profit for the period		**(553)**	**(903)**	**(4,088)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Net movement on cash flow hedges (net of tax of US$5, US$5 and US$10 for 2015, 2014 and 2013 respectively)	17	13	145	100
Foreign currency translation	22	(1,836)	(4,228)	(565)
Other		31	5	—
Other comprehensive income items not being reclassified to the income statement in subsequent periods		**—**	**—**	**—**
Other comprehensive loss for the period, net of tax		**(1,792)**	**(4,078)**	**(465)**
Total comprehensive loss for the period, net of tax		**(2,345)**	**(4,981)**	**(4,553)**
Attributable to:				
The owners of the parent		(1,727)	(4,633)	(3,156)
Non-controlling interests		(618)	(348)	(1,397)
		(2,345)	**(4,981)**	**(4,553)**

The accompanying notes are an integral part of these consolidated financial statements.

VimpelCom Ltd.

Consolidated statement of financial position
as of December 31,

(In millions of U.S. dollars)	Note	2015	2014
Assets			
Non-current assets			
Property and equipment	15	6,239	11,849
Intangible assets	16	2,224	7,717
Goodwill	10	4,223	10,285
Investments in associates and joint ventures	12	201	265
Deferred tax assets	11	150	575
Non-current income tax advance	11	28	91
Other financial assets	17	164	602
Other non-financial assets	18	105	26
Total non-current assets		**13,334**	**31,410**
Current assets			
Inventories	19	104	117
Trade and other receivables	20	677	1,886
Other non-financial assets	18	334	797
Current income tax assets	11	259	219
Other financial assets	17	395	266
Cash and cash equivalents	21	3,614	6,342
Total current assets		**5,383**	**9,627**
Assets classified as held for sale	6	15,137	5
Total assets		**33,854**	**41,042**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent	22,23	3,765	5,006
Non-controlling interests	12	129	(1,030)
Total equity		**3,894**	**3,976**
Non-current liabilities			
Financial liabilities	17	8,095	23,936
Provisions	24	350	527
Other non-financial liabilities	18	95	401
Deferred tax liabilities	11	404	1,637
Total non-current liabilities		**8,944**	**26,501**
Current liabilities			
Trade and other payables	17	1,768	4,007
Other non-financial liabilities	18	1,039	1,930
Other financial liabilities	17	1,693	3,188
Current income tax payables	11	19	72
Provisions	24	1,020	1,368
Total current liabilities		**5,539**	**10,565**
Liabilities associated with assets held for sale	6	15,477	—
Total equity and liabilities		**33,854**	**41,042**

The accompanying notes are an integral part of these consolidated financial statements.

VimpelCom Ltd.

Consolidated statement of changes in equity

for the years ended December 31, 2015, 2014 and 2013

(In millions of U.S. dollars)	Attributable to equity owners of the parent								
	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Retained earnings	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2015	1,748,598,146	2	12,746	84	(1,990)	(5,836)	5,006	(1,030)	3,976
Profit/(loss) for the period		—	—	—	(655)	—	(655)	102	(553)
Other comprehensive income		—	—	43	—	(1,115)	(1,072)	(720)	(1,792)
Total comprehensive income		—	—	43	(655)	(1,115)	(1,727)	(618)	(2,345)
Dividends declared		—	—	—	(61)	—	(61)	(188)	(249)
Sale of 51% shareholding in Omnium Telecom Algerie, net of tax of US$350 (Note 6)		—	—	644	—	—	644	1,607	2,251
Share-based payment transactions and exercise of stock options	406,502	—	7	(6)	—	—	1	—	1
Restructuring of the Company's ownership in LLC "Sky Mobile" and LLP "KaR-Tel" (Note 6)		—	—	(98)	—	—	(98)	358	260
As of December 31, 2015	**1,749,004,648**	**2**	**12,753**	**667**	**(2,706)**	**(6,951)**	**3,765**	**129**	**3,894**

(In millions of U.S. dollars)	Attributable to equity owners of the parent								
	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Retained earnings	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2014	1,748,243,739	2	12,732	(42)	(1,286)	(1,673)	9,733	(655)	9,078
Profit/(loss) for the period		—	—	—	(647)	—	(647)	(256)	(903)
Other comprehensive income		—	—	138	—	(4,124)	(3,986)	(92)	(4,078)
Total comprehensive income		—	—	138	(647)	(4,124)	(4,633)	(348)	(4,981)
Dividends declared		—	—	—	(58)	—	(58)	(21)	(79)
Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control		—	—	(7)	—	(39)	(46)	(10)	(56)
Exercise of stock options	354,407	—	7	(4)	—	—	3	—	3
Share-based payment transactions		—	7	(1)	1	—	7	—	7
Acquisition of non-controlling interest		—	—	—	—	—	—	4	4
As of December 31, 2014	**1,748,598,146**	**2**	**12,746**	**84**	**(1,990)**	**(5,836)**	**5,006**	**(1,030)**	**3,976**

The accompanying notes are an integral part of these consolidated financial statements.

VimpelCom Ltd.

Consolidated statement of changes in equity (continued)

(In millions of U.S. dollars)	Attributable to equity owners of the parent									
	Number of shares	Issued capital	Capital Surplus	Other capital reserves	Retained earnings	Foreign currency translation	Total	Non-controlling interest	Total equity
As of January 1, 2013	1,619,202,678	2	11,332	(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		—	(7)	(12)	(21)	—	(40)	53	13
Divestments		—	—	—	(25)	—	(25)	25	—
Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control		—	—	91	—	(10)	81	161	242
Other changes	509,061	—	15	—	—	—	15	—	15
As of December 31, 2013	**1,748,243,739**	**2**	**12,732**	**(42)**	**(1,286)**	**(1,673)**	**9,733**	**(655)**	**9,078**

The accompanying notes are an integral part of these consolidated financial statements.

VimpelCom Ltd.

Consolidated statement of cash flows

for the years ended December 31, 2015, 2014 and 2013

(In millions of U.S. dollars)	Note	Year ended December 31, 2015	2014	2013
Operating activities				
(Loss) for the year from continuing operations		(815)	(223)	(3,455)
Tax expense	11	220	598	1,813
(Loss)/ profit before tax		**(595)**	**375**	**(1,642)**
Non-cash adjustment to reconcile profit before tax to net cash flows:				
Depreciation		1,550	1,996	2,245
Amortization		517	647	808
Impairment loss	10	245	976	2,963
Loss on disposals of non-current assets		39	68	93
Finance income		(52)	(52)	(90)
Finance costs		829	1,077	1,213
Other non-operating losses /(gains)	13	42	(121)	(84)
Shares of losses of associates and joint ventures accounted for using the equity method	12	(14)	38	12
Net foreign exchange loss		314	556	159
Movements in provisions and pensions		(185)	110	1,413
Working capital adjustments:				
Changes in trade and other receivables and prepayments		(287)	(2)	102
Changes in inventories		(43)	15	(40)
Changes in trade and other payables		173	327	(26)
Interest paid		(807)	(1,002)	(1,043)
Interest received		49	47	39
Income tax paid		(671)	(442)	(1,089)
Net cash flows from operating activities of discontinued operations		929	666	1,318
Net cash flows from operating activities		**2,033**	**5,279**	**6,351**
Investing activities				
Proceeds from sale of property, plant and equipment and intangible assets		18	22	40
Purchase of property, plant and equipment and intangible assets		(2,207)	(3,501)	(2,903)
Loans granted		(102)	(23)	(118)
Repayment of loans granted		101	110	—
Receipts from/(payments on) deposits	17	(361)	290	(316)
Receipts from investments in financial assets		74	38	(12)
Proceeds from sale of shares in subsidiaries, net of cash disposed		—	69	83
Receipt of dividends		—	2	63
Acquisition of subsidiaries, net of cash acquired		(17)	—	2
Net cash flow used in investing activities of discontinued operations		(140)	(984)	(1,052)
Net cash flows used in investing activities		**(2,634)**	**(3,977)**	**(4,213)**
Financing activities				
Net proceeds from exercise of share options and purchase of treasury shares		2	3	—
Acquisition of non-controlling interest		(4)	—	(13)
Proceeds from borrowings net of fees paid*		2,052	5,859	3,447
Repayment of borrowings		(4,840)	(3,765)	(3,105)
Proceeds from sale of non-controlling interest net of fees paid		2,307	—	—
Dividends paid to equity owners of the parent		(61)	(71)	(4,055)
Dividends paid to non-controlling interests		(188)	(19)	—
Share capital issued and paid		—	—	1,393
Net cash flow used/from in financing activities of discontinued operations		(707)	(678)	(242)
Net cash flows generated from/(used in) financing activities		**(1,439)**	**1,329**	**(2,575)**
Net increase (decrease) in cash and cash equivalents		(2,040)	2,631	(437)
Net foreign exchange difference		(374)	(743)	(58)
Cash and cash equivalents re-classified as held for sale		(314)	—	—
Cash and cash equivalents at beginning of period	21	6,342	4,454	4,949
Cash and cash equivalents at end of period**	21	**3,614**	**6,342**	**4,454**

* *Fees paid for the borrowing were US$6 (2014: US$56, 2013: US$31)*

** *The cash balances as of December 31, 2015 in Uzbekistan of US$495 (2014: US$532, 2013: US$256) and in Ukraine of US$4 (2014: US$116, 2013: US$ nil) are restricted due to local government or central bank regulations (Note 21).*

Amounts for 2014 and 2013 have been restated to reflect the classification of Italy as held for sale and discontinued operation.

The accompanying notes are an integral part of these 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 June 5, 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 "**US$**"). 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 Global Select Market ("**NASDAQ**").

The Company's largest shareholders, L1T VIP Holdings S.à r.l. ("**LetterOne**") and Telenor East Holding II AS ("**Telenor**"), and their respective affiliates, beneficially own, in the aggregate, approximately 90.9% of our outstanding voting shares (Note 25).

VimpelCom earns revenues by providing voice and data services through a range of traditional and broadband mobile and fixed-line technologies.

As of December 31, 2015, the Company operated telecommunications services in Russia, Italy, Algeria, Kazakhstan, Ukraine, Pakistan, Bangladesh, Armenia, Tajikistan, Uzbekistan, Georgia, Kyrgyzstan and Laos. The Company also holds an equity shareholding in a company operating in Zimbabwe. See also Note 6 for significant transactions affecting Italy, Pakistan and Zimbabwe.

During 2015, the Company recorded a provision for the investigations relating to the Company's operations in Uzbekistan in the amount of US$900 (Note 24).

During 2015, the Company also classified its operations in Italy as an asset held for sale and discontinued operation following the signing of an agreement with CK Hutchison Holdings Ltd., the parent company of 3 Italia S.p.A. ("**3 Italia**"), on August 6, 2015 to combine the Company's operations in Italy with 3 Italia in a 50/50 joint venture (Note 6).

Several local currencies demonstrated significant volatility against the U.S. dollar in 2015, which impacted the Company's financial position and results of operations following the translation of non-U.S. currency amounts into U.S. dollars for consolidation purposes. In particular, in U.S. dollar terms, the devaluation of local currencies caused a 30% decrease in total revenue for the Group during 2015 as compared with 2014. See also Note 5 for foreign currency sensitivities.

In addition, the foreign exchange rate used to translate the local currency in Uzbekistan into U.S. dollars for consolidation purposes is an official rate published by the Central Bank of the Republic of Uzbekistan. However, this exchange rate is not achievable in expatriating funds out of the country due to restrictions imposed by the local government. The assets of our business in Uzbekistan represented US$1,281 of the total assets in the Company's statement of financial position as of December 31, 2015. However, if the Company applied the exchange rate implied by market transactions, instead of the exchange rate used to translate the local currency into U.S. dollars, we believe the assets of Uzbekistan would decrease significantly in U.S. dollar terms.

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 judgements and 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.

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.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

The Company's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net profit after tax, other comprehensive income and equity of the associate or joint venture since the acquisition date.

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.

If the Company loses control over a subsidiary, it derecognizes the related subsidiary's assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in the income statement. Any investment retained is recognized at fair value.

3 Significant accounting policies

New accounting pronouncements not yet adopted by the Company

The following are significant and relevant new 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*'. 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 January 1, 2018. The primary impact on revenue reporting will be that when the Group sells subsidized devices together with airtime service agreements to customers, revenue allocated to equipment and recognized when control of the device passes to the customer will increase and revenue recognized as services are delivered will reduce. In addition, certain incremental costs incurred in acquiring a contract with a customer will be deferred on the balance sheet and amortized as revenue is recognized under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party dealers and employees. The Group is in the process of assessing the impact of IFRS 15. The highlighted changes may have a material impact on

the consolidated income statement and consolidated statement of financial position upon adoption of IFRS 15 in 2018.

- IFRS 9, '*Financial instruments*'. 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 January 1, 2018. The Group has yet to assess IFRS 9's impact, which may have a material impact on the consolidated income statement and consolidated financial position upon adoption in 2018.
- IFRS 16, 'Leases'. It replaces the guidance in IAS 17 whereby most of the operating leases will be recorded on the statement of financial position. The standard is effective for accounting periods beginning on or after January 1, 2019. The Group has yet to assess the impact of IFRS 16, which may have a material impact on the consolidated income statement and consolidated financial position upon adoption in 2019.

Future changes in IFRS

IFRSs are continuously undergoing a process of revision, with a view to increasing harmonization of accounting rules internationally. Proposals to issue new IFRSs or amendments to IFRS, as yet unpublished, including standards as discussed above, or other topics may change standards and may therefore affect the accounting policies applied by VimpelCom in future periods.

Foreign currency translation

The consolidated financial statements of the Group are presented in U.S. 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.

Upon consolidation, the assets and liabilities of foreign operations are translated into U.S. 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, with the difference recognized in the currency translation reserve.

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.

Generally, revenue for products is recorded when the equipment is sold or upon transfer of the associated risks and rewards, and revenue for services is recorded when the services are rendered. Revenue for bundled packages is recorded based on the relative fair value allocation of each component in the bundle.

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 in the consolidated income statement when the services are provided unless they meet the definition of an asset.

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.

Uncertain tax positions

The Group's policy is to comply with the applicable tax regulations in the jurisdictions in which its operations are subject to income taxes. The Group's estimates of current income tax expense and liabilities are calculated assuming that all tax computations filed by the Company's subsidiaries will be subject to a review or audit by the relevant tax authorities. The Company and the relevant tax authorities may have different interpretations of how regulations should be applied to actual transactions (Note 24 and 26). 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.

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 (Note 11).

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

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; and
- 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.

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 qualifying assets. All other borrowing costs are expensed in the period incurred.

Intangible assets (excluding Goodwill)

Intangible assets acquired separately are measured initially at cost, and are subsequently measured at cost less accumulated amortization and impairment losses.

Intangible assets with a finite useful life are amortized over the estimated useful life as follows:

- licenses and other significant contractual intangibles are amortized with the straight-line method over the contractual life of the asset as defined by the license or other agreement;
- intangible assets associated with customer relationships are generally amortized with a declining balance amortization pattern based on the value contribution brought by customers; and
- other intangible assets are amortized with the straight-line method over an estimated useful life not exceeding 5 years.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually.

Goodwill

Goodwill is recognized for the future economic benefits arising from net assets acquired that are not individually identified and separately recognized.

Goodwill is not amortized but is tested for impairment annually and as necessary when circumstances indicate that the carrying value may be impaired.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash generating units ("**CGUs**"). These budgets and forecast calculations are available for a period of five years. For longer periods, a long-term growth rate is applied in order to project future cash flows after the fifth year. See Note 10 for further details about the carrying amount of goodwill and CGUs.

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 an 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.

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.

Impairment losses of continuing operations are recognized in the income statement in a separate line item.

Trade and other receivables

Trade and other receivables are measured at amortized cost and 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 are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes and 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 three months.

Inventory

Inventory is measured at the lower of cost and net-realizable value and carried at the weighted average cost basis.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted using a current pre-tax rate if the time value of money is significant.

Financial instruments and hedging

The Company applies cash flow hedge accounting using financial instruments (usually derivatives) to mitigate all or some of the risk of a hedged item. Any gains or losses on the hedging instrument (a derivative) are initially included in other comprehensive income. The amount included in other comprehensive income is the

lesser of the fair value of the hedging instrument and the hedged item. Where the hedging instrument has a fair value greater than the hedged item, the excess is recorded in the income statement as ineffectiveness. Gains or losses deferred in other comprehensive income are reclassified to the income statement when the hedged item affects the income statement.

Any derivative instruments for which no hedge accounting is applied are recorded at fair value with any fair value changes recognized directly in the income statement.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction or loss of control rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale.

Assets and liabilities of a disposal groups) classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component is classified as held for sale and that represents a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in the income statement. Additional disclosures are provided in Note 6. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

4 Significant accounting judgments, estimates and assumptions

Accounting judgments

Revenue Recognition

The Group's revenue primarily consists of revenue from sale of services and periodic subscriptions. The Group offers customers, via multiple element agreements ('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 third party 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, for example, revenue from 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.

Impairment of non-current assets

The Group has made significant investments in property and equipment, intangible assets, goodwill and other investments.

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). In doing this, management needs to assume a market participant perspective. 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 management's 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 11 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 unfavorable 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.

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 is 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.

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 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 on 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 or 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.

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 and through hedging activities.

At December 31, 2015, after taking into account the effect of interest rate swaps, approximately 77% of the Company's borrowings are at a fixed rate of interest (2014: 76%).

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 while 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:

	Increase/decrease in basis points	Effect on profit / (loss) before tax	Effect on other components of equity
2015			
US Dollar	+100	12	—
Algerian Dinar	+100	(1)	—
Uzbek Som	+100	8	—
Pakistani Rupee	+100	(1)	3
Other currencies	+100	1	—
US Dollar	-100	(12)	—
Algerian Dinar	-100	1	—
Uzbek Som	-100	(8)	—
Pakistani Rupee	-100	1	(3)
Other currencies	-100	(1)	—
2014			
Euro	+100	(18)	253
US Dollar	+100	3	(242)
Algerian Dinar	+100	27	—
Uzbek Som	+100	6	—
Pakistani Rupee	+100	(3)	—
Other currencies	+100	(12)	—
Euro	-100	37	(72)
US Dollar	-100	(3)	252
Algerian Dinar	-100	(27)	—
Uzbek Som	-100	(6)	—
Pakistani Rupee	-100	3	—
Other currencies	-100	(7)	—

Interest rate sensitivity—discontinued operations

As of December 31, 2015 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 in relation to our discontinued operations.

	Increase/decrease in basis points	Effect on profit / (loss) before tax	Effect on other components of equity
2015			
Euro	+100	(10)	181
US Dollar	+100	—	(191)
Euro	-100	10	(201)
US Dollar	-100	—	211

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 U.S. dollars 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 US$ with all other variables held constant. Additional sensitivity changes to the indicated currencies are expected to be approximately proportionate. 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 and/or effect on currency translation reserve for quasi equity loans). The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in foreign exchange rate against US$	Effect on profit / (loss) before tax	Effect on other components of equity
2015			
Russian Ruble	10% depreciation	(61)	27
Bangladeshi Taka	10% depreciation	(66)	—
Kazakh Tenge	10% depreciation	17	—
Uzbek Som	10% depreciation	(0)	(27)
Georgian Lari	10% depreciation	(26)	—
Algerian Dinar	10% depreciation	—	—
Other currencies	10% depreciation	11	—
Russian Ruble	10% appreciation	67	(30)
Bangladeshi Taka	10% appreciation	72	—
Kazakh Tenge	10% appreciation	(19)	—
Uzbek Som	10% appreciation	0	30
Georgian Lari	10% appreciation	29	—
Algerian Dinar	10% appreciation	—	—
Other currencies	10% appreciation	(9)	—

	Change in foreign exchange rate against US$	Effect on profit / (loss) 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 Som	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 Som	10% appreciation	29	—
Georgian Lari	10% appreciation	24	—
Algerian Dinar	10% appreciation	45	—
Other currencies	10% appreciation	7	—

Foreign currency risk—discontinued operations

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates against the US$ with all other variables held constant in relation to our discontinued operations.

	Change in foreign exchange rate against US$	Effect on profit / (loss) before tax	Effect on other components of equity
2015			
Euro	10% depreciation	33	93
Euro	10% appreciation	(30)	(84)

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 functional currency of the entities. 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 treasury activities, including deposits with banks and financial institutions, derivative financial instruments 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, 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 December 31, 2015 (2014: 94%) 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. Counterparty credit limits are reviewed and approved by the Company's CFO. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

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.

The Company's maximum exposure to credit risk for the components of the statement of financial position at December 31, 2015 and 2014 is the carrying amount as illustrated in Note 17 and Note 20.

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. 16% of the Company's debt will mature in less than one year at December 31, 2015 (2014: 11%) 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.

The Company has the following undrawn or partially drawn facilities:

At December 31, 2015		Amounts in millions of transaction currency			US$ equivalent amounts		
Facility	**Final availability period**	**Facility amount**	**Utilized**	**Unutilized**	**Facility amount**	**Utilized**	**Unutilized**
VimpelCom Amsterdam B.V.—Revolving Credit Facility	March 2017	US$1,800	—	US$1,800	1,800	—	1,800
VimpelCom Holdings B.V.—Vendor Financing Facility China Development Bank	2018	RMB 700 million	—	RMB 700 million	108	—	108
PJSC VimpelCom—Revolving Credit Facility Sberbank	May 2017	RUB 15,000 million	—	RUB 15,000 million	206	—	206
PJSC VimpelCom—Credit Facility Sberbank	March 2016	RUB 30,000 million	—	RUB 30,000 million	412	—	412
Pakistan Mobile Communications Limited-Islamic financing facility	December 2016	PKR 16,000 million	PKR 1,000 million	PKR 15,000 million	153	10	143
Pakistan Mobile Communications Limited—Credit facility Habib Bank Limited	June 2016	PKR 4,000 million	PKR 500 million	PKR 3,500 million	38	5	33
Optimum Telecom Algérie SpA—Term Loan Facility	December 2017	DZD 32,000 million	—	DZD 32,000 million	299	—	299
Total					**3,016**	**15**	**3,001**

At December 31, 2014		Amounts in millions of transaction currency			US$ equivalent amounts		
Facility	**Final availability period**	**Facility amount**	**Utilized**	**Available**	**Facility amount**	**Utilized**	**Available**
VimpelCom Amsterdam B.V.—Revolving Credit Facility	March 2017	US$1,800	US$ 500	US$1,300	1,800	500	1,300
VimpelCom Holdings B.V.—Vendor Financing Facility China Development Bank / Bank of China	November 2017	US$1,000	—	US$1,000	1,000	—	1,000
PJSC 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	December 2017	DZD 32,000	—	DZD 32,000	364	—	364
Total					**4,726**	**621**	**4,105**

The table below summarizes 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 December 31, 2015 and December 31, 2014, 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 December 31, 2015					
Bank loans and bonds	1,970	4,242	1,520	3,254	10,986
Equipment financing	206	321	248	65	840
Derivative financial instruments—liabilities					
—Gross cash inflows					
—Gross cash outflows	3	4	1	—	8
Trade and other payables and dividend payables	1,768	—	—	—	1,768
Total financial liabilities	3,947	4,567	1,769	3,319	13,602
Related derivatives financial instruments—assets					
—Gross cash inflows	(558)	(23)	—	—	(581)
—Gross cash outflows	531	22	—	—	553
Related derivative financial instruments—assets	(27)	(1)	—	—	(28)
Total financial liabilities net of derivative assets	**3,920**	**4,566**	**1,769**	**3,319**	**13,574**

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
At December 31, 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 derivatives financial instruments—assets					
—Gross cash inflows	(969)	(665)	(665)	(5,668)	(7,967)
—Gross cash outflows	708	505	503	4,988	6,704
Related derivative financial instruments—assets	(261)	(160)	(162)	(680)	(1,263)
Total financial liabilities net of derivative assets	**8,168**	**7,117**	**6,995**	**15,333**	**37,613**

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 maximize 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 December 31, 2015 and December 31, 2014. In January 2014, our Supervisory Board approved a dividend policy pursuant to which from 2014 the Company aims to pay annual dividends of US$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 PJSC VimpelCom, which holds and/or guarantees a major part of the debt of the Company, at December 31, 2015 and 2014 was 2.6x and 2.4x, respectively. The required ratio is <3.5x (2014: <3.5x) for a portion of the debt. The ratio is calculated based on the consolidated financial statements of PJSC VimpelCom prepared under IFRS in Russian rubles as translated into US dollars.

The debt issued by VimpelCom Amsterdam B.V. and VimpelCom Holdings B.V. that is not guaranteed by PJSC 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 December 31, 2015, the Net Debt to Adjusted EBITDA ratio was 1.4x (2014: 2.5x). The required ratio is <3.5x.

Collateral

The Company provides collateral for some lenders which are described for individual loans in Note 26.

6 Significant transactions

Joint venture in Italy

The Company signed an agreement with CK Hutchison Holdings Ltd., which indirectly owns 100% of Italian mobile operator 3 Italia, on August 6, 2015 to combine its operations in Italy with 3 Italia in a 50/50 joint venture. As a result of the agreement reached, the Company expects to lose control and therefore classified its operations in Italy as an asset held for sale and discontinued operation in these consolidated financial statements. In connection with this classification, the Company no longer accounts for depreciation and amortization expenses of the Italian assets. The amounts for 2014 and 2013 have been restated in the consolidated income statements, the consolidated statements of cash flows and the related notes to reflect the classification of Italy as held for sale and discontinued operations. The transaction is expected to close around the end of 2016 and is subject to regulatory approvals. It is not yet reasonably possible to predict the impact on the income statement that this transaction might have upon closing. Following the reclassification, the intercompany positions, results and cash flows between the continued and discontinued operations are no longer eliminated. The positions are disclosed as Related Party transactions and balances (Note 25).

Italy's (100%) consolidated carrying values are as follows:

	As of December 31, 2015
Property and equipment	3,449
Intangible assets	4,446
Goodwill	4,020
Other non-current assets	1,444
Other current assets	1,776
Total assets held for sale Italy	**15,135**
Other assets held for sale	2
Total assets held for sale	**15,137**
Non-current liabilities, including debt	12,862
Current liabilities	2,615
Total liabilities held for sale Italy	**15,477**
Other liabilities held for sale	—
Total liabilities held for sale	**15,477**

Included in the equity of the Group is cumulative other comprehensive income of US$194 related to Italy which is classified as held for sale.

The profit from discontinued operations consists of the following:

	Note	December 31, 2015	2014	2013
Total operating revenues		4,913	6,155	6,618
Total operating expenses		(3,765)	(5,440)	(5,827)
Operating profit		**1,148**	**715**	**791**
Other expenses		(722)	(1,272)	(1,173)
Profit/ (loss) before tax		**426**	**(557)**	**(382)**
Income tax expense		(164)	(123)	(251)
Profit/ (loss) for the period		**262**	**(680)**	**(633)**

Included in profit before tax is gain of US$93 related to the sale of 90% of the shares of Galata S.p.A. ("Galata") to Abertis Telecom Terrestre SAU ("Abertis Telecom") for a total cash consideration of EUR 693 million (approximately US$750). The sale was closed on March 26, 2015 and consisted of 7,377 towers together with the relevant functions, employees and related contracts.

Had Italy not been classified as a discontinued operation, its contribution to the segment reporting would be as follows:

	Note	December 31, 2015	2014	2013
External customers		4,910	6,150	6,614
Inter-segment		3	5	4
Total Revenue		**4,913**	**6,155**	**6,618**
Adjusted EBITDA		**1,878**	**2,416**	**2,598**
Capital expenditures		**872**	**1,025**	**1,287**

Sale of 51% shareholding in Omnium Telecom Algeria (OTA) and settlement of disputes with the Algerian State

On January 30, 2015, the Company and its subsidiary Global Telecom Holding S.A.E. ("**GTH**") completed the sale of a non-controlling 51% interests in Omnium Telecom Algeria S.p.A. (formerly known as Orascom Telecom Algérie S.p.A.) ("**OTA**") to the Fonds National d'Investissement, the Algerian National Investment Fund ("**FNI**"), for a purchase consideration of US$2,643 (the "**Transaction**"). The Company and the FNI have entered into a shareholders agreement which governs their relationship as shareholders in OTA going forward. The Company will continue to exercise operational control over OTA and, as a result, will continue to fully consolidate OTA.

Immediately prior to the Transaction, the Company owned 50.12% of OTA's share and the carrying amount of the existing 49.88% non-controlling interest in OTA was US$1,010. As the Company will retain control of OTA, the Transaction was accounted for as an equity transaction and the non-controlling interest was adjusted by US$1,607 to reflect the new ownership interest in OTA. Parent equity was adjusted for the difference between the fair value of the consideration received and the adjustment to the non-controlling interest of US$644.

The capital gain tax payable amounted to US$428, of which US$350 was recorded directly in equity, and US$78 was expensed in the income statement. The transaction costs totaled US$42. An existing tax credit of US$130 was utilized against the capital gain tax payable. Net proceeds received, after deducting capital gains taxes and transaction costs were US$2,307.

At closing, 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. At the same time, the foreign exchange and import restrictions put in place by the Bank of Algeria against OTA on April 15, 2010 were lifted, following the cash payment of the fine of 99 billion Algerian dinar ("DZD") (approximately US$1,112) to the Algerian Treasury which resulted in a decrease of provisions in the current liabilities from December 31, 2014 by the same amount.

Prior to closing, OTA paid a dividend to its shareholders in the amount of US$1,862. Shortly prior to closing, OTA and its wholly-owned subsidiary Optimum Telecom Algerie S.p.A. established credit facilities with a syndicate of Algerian and international banks in an amount of DZD 82 billion (approximately US$920), and immediately drew down DZD 50 billion (approximately US$561). In addition to this, on June 11, 2015 OTA fully drew down under two new credit facilities with Credit Agricole Corporate and Investment Bank Algerie for an amount of DZD 2.2 billion (approximately US$22) and with BNP Paribas El Djazair SPA and Natixis Algerie SPA for an amount of DZD 2.8 billion (approximately US$29).

GTH and Cevital S.p.A. ("**Cevital**"), a non-controlling interest's shareholder in OTA, amended their previously disclosed Framework Agreement. Pursuant to the amended Framework Agreement, following closing, Cevital continued to be a shareholder in OTA holding 3.43% of the share capital of OTA. At closing, 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 plus Cevital's entitled share of the US$1,862 pre-closing dividend paid by OTA to its shareholders.

Restructuring of the Company's ownership in LLC "Sky Mobile" (Kyrgyzstan) and LLP "KaR-Tel" (Kazakhstan)

During Q2 2015 The Company completed the process of restructuring its ownership in LLC "Sky Mobile" ("**Sky Mobile**") and LLP "KaR-Tel" ("**KaR-Tel**"). Key changes as a result of the restructuring included:

- moving the ownership from Cyprus to Swiss holding companies;
- increasing the Company's ownership in KaR-Tel from 71.5% to 75% and decreasing the Company's ownership in Sky Mobile from 71.5% to 50.2%;

- termination of an existing put option liability of US$271, which was held by the non-controlling interest holder and call option (value nil) held by the Company; and

No cash consideration was exchanged in connection with the above restructuring and the Company continues to control KaR-Tel and Sky Mobile subsequent to the transaction. The changes in ownership and termination of the put option were treated as an equity transaction with a non-controlling interest holder since VimpelCom did not lose control of the subsidiaries, and resulted in a net decrease to parent equity of US$98 and increase to non-controlling interest of US$358. Following the completion of the restructuring, the portion of the deferred tax liabilities amounting to US$75 was credited to the income tax expense for the period.

VimpelCom Kazakhstan Holding AG and VimpelCom Kyrgyzstan Holding AG dividend

On July 17, 2015 and August 17, 2015, VimpelCom Kazakhstan Holding AG and VimpelCom Kyrgyzstan Holding AG paid dividends to its shareholders whereby the portions paid to the minority shareholder amounted to US$104 and US$23 respectfully.

Acquisition in Pakistan

On November 26, 2015 the Company together with its subsidiary Global Telecom Holding S.A.E. ("**GTH**"), signed an agreement with Warid Telecom Pakistan LLC and Bank Alfalah Limited, to combine its operations in Pakistan. The merger of Pakistan Mobile Communications Limited ("**Mobilink**") and Warid Telecom (Private) Limited ("**Warid**") is expected to close within 12 months from signing and it is subject to regulatory approvals. As a result of this transaction, upon closing, the Company will take over control over the combined businesses. The Company will acquire 100% of the shares in Warid for a consideration of 15% of the shares in the new combined entity. It is not yet reasonably possible to predict the impact that this transaction might have upon closing.

Sale of operations in Zimbabwe

On November 18, 2015, the Company together with its subsidiary GTH, entered into an agreement with ZARNet (Private) Limited to sell its stake in Telecel International Limited for US$40. Telecel International Limited owns 60% of Telecel Zimbabwe (Pvt) Ltd. The transfer of ownership to ZARNet will occur after customary conditions are satisfied. ZARNet is wholly owned by the Government of the Republic of Zimbabwe through the Ministry of Information & Communication Technology, Postal and Courier Services. Upon closing of the transaction, the Company will record a pre-tax gain in consolidated income statements of US$40.

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 GlobaliveWireless Management Corp., the operator of Wind Mobile cellular telephony service in Canada ("**Wind Canada**"). As of December 31, 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 September 16, 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 US$110, and it was recorded in the line item "Impairment (gain)/loss" in the accompanied consolidated income statement.

Telecel Globe

On October 17, 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 US$25 recorded in the line item "Impairment (gain)/loss" of the accompanied consolidated income statement. The related CTA expense of US$7 was recycled from the OCI and also recorded on the line item Impairment (gain)/loss.

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 analyze assets or liabilities by reportable segments.

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**").

Starting January 1, 2015, management decided to separately present certain operating units as separate reportable segments to enhance understanding of the business and better reflect the actual structure of the Group. Therefore, the Company's reportable segments now include Pakistan and Bangladesh (which were split out of the former "Africa & Asia" segment), Kazakhstan and Uzbekistan (which were split out of the former "CIS" segment), Russia, Algeria, Ukraine and HQ and Others (which includes our operations in Kyrgyzstan, Armenia, Tajikistan and Georgia from the former "CIS" segment and Laos from the former "Africa & Asia" segment, as well as certain internal adjustments). As of August 2015, Italy is no longer a reportable segment subsequent to its classification as a discontinued operation (Note 6). The comparative information has been adjusted accordingly.

Financial information by reportable segment for the three years ended December 31, 2015, is presented in the following tables. Inter-segment revenues between operating segments are on an arm's length basis in a manner similar to transactions with third parties. The segment data for acquired operations are reflected herein from the date of their respective acquisition.

Year ended December 31, 2015

	Russia	Algeria	Pakistan	Bangladesh	Ukraine	Kazakhstan	Uzbekistan	HQ and Others	Total Segments
Revenue									
External customers	4,547	1,273	1,014	604	592	579	710	306	**9,625**
Inter-segment	55	—	—	—	30	19	1	(105)	**—**
Total revenue	**4,602**	**1,273**	**1,014**	**604**	**622**	**598**	**711**	**201**	**9,625**
Adjusted EBITDA	**1,825**	**684**	**409**	**242**	**292**	**276**	**437**	**(1,290)**	**2,875**
Other disclosures									
Capital expenditures	910	189	238	134	299	73	55	136	**2,034**

Year ended December 31, 2014

	Russia	Algeria	Pakistan	Bangladesh	Ukraine	Kazakhstan	Uzbekistan	HQ and Others	Total Segments
Revenue									
External customers	7,369	1,692	1,010	563	1,008	727	717	431	13,517
Inter-segment	90	—	—	—	54	28	1	(173)	—
Total revenue	**7,459**	**1,692**	**1,010**	**563**	**1,062**	**755**	**718**	**258**	**13,517**
Adjusted EBITDA	**2,980**	**857**	**386**	**219**	**484**	**349**	**461**	**(176)**	**5,560**
Other disclosures									
Capital expenditures	1,559	415	651	178	138	109	79	100	**3,229**

Year ended December 31, 2013

	Russia	Algeria	Pakistan	Bangladesh	Ukraine	Kazakhstan	Uzbekistan	HQ and Others	Total Segments
Revenue									
External customers	9,007	1,796	1,069	504	1,564	813	671	542	**15,966**
Inter-segment	102	—	—	—	46	26	2	(176)	**—**
Total revenue	**9,109**	**1,796**	**1,069**	**504**	**1,610**	**839**	**673**	**366**	**15,966**
Adjusted EBITDA	**3,815**	**(212)**	**441**	**187**	**781**	**390**	**347**	**(72)**	**5,677**
Other disclosures									
Capital expenditures	1,822	122	190	282	211	159	142	91	**3,019**

The following table provides the reconciliation of consolidated Adjusted EBITDA to consolidated income statement before tax for the years ended December 31:

	2015	2014	2013
Total Segments Adjusted EBITDA	2,875	5,560	5,677
Depreciation	(1,550)	(1,996)	(2,245)
Amortization	(517)	(647)	(808)
Impairment loss	(245)	(976)	(2,963)
Loss on disposals of non-current assets	(39)	(68)	(93)
Finance costs	(829)	(1,077)	(1,213)
Finance income	52	52	90
Other non-operating losses	(42)	121	84
Shares of loss of associates and joint ventures accounted for using the equity method	14	(38)	(159)
Net foreign exchange loss	(314)	(556)	(12)
(Loss)/ profit before tax	(595)	375	(1,642)

The following table provides the breakdown of total operating revenue from external customers by mobile and fixed line for the years ended December 31:

	2015	2014	2013
Mobile	8,816	12,163	14,287
Fixed line	781	1,354	1,679
Management fees	28	—	—
Total	**9,625**	**13,517**	**15,966**

These business activities include the following operations:

- mobile: wireless telecommunication services to the Company's customers and other operators
- fixed line: wireline telecommunication services, broadband and consumer internet

VimpelCom provides both mobile and fixed line services in Russia, Italy, Ukraine, Pakistan, Kazakhstan and Uzbekistan.

Geographical information of non-current assets

The total of non-current assets other than financial instruments and deferred tax assets (which are included in other along with consolidation elimination), broken down by location of the assets, is shown in the following tables:

December 31, 2015	Russia	Algeria	Pakistan	Bangladesh	Ukraine	Kazakhstan	Uzbekistan	Other	Total
Non-current assets	5,370	2,456	1,624	1,140	694	474	472	1,104	**13,334**

December 31, 2014	Russia	Algeria	Pakistan	Bangladesh	Ukraine	Kazakhstan	Uzbekistan	Other	Total
Non-current assets	6,915	3,406	1,800	1,198	895	939	517	15,740	**31,410**

Included in other for 2014 is the non-current assets related to Italy, which was classified as a disposal group held for sale during 2015.

8 Other revenue

Other revenue amounted to US$103 for the year ended December 31, 2015 (2014: 68, 2013: US$103), and relates to revenue from site sharing and other services.

9 Selling, general and administrative expenses

Selling, general and administrative expenses consist of the following:

	2015	2014	2013
Network and IT costs	1,114	1,533	1,470
Personnel cost	848	1,122	1,370
Customer associated costs	860	1,190	1,241
Losses on receivables	51	53	56
Taxes, other than income taxes	227	295	323
Provisions related to the Algeria transaction	—	50	1,266
Other	1,463	500	530
Total	**4,563**	**4,743**	**6,256**

Included in Other is the provision expense related to the Uzbekistan investigation (Note 24). Total operating lease expense recognized in the consolidated income statement amounted to US$385 (2014: US$557, 2013: US$579).

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:

CGU	2015	Impairment	Acquisition	Translation adjustment	Classification as held for sale	2014**
Italy*	—	—	—	(452)	(4,381)	4,833
Russia	1,924	—	2	(568)	—	2,490
Ukraine	—	(51)	—	(24)	—	75
Algeria	1,435	—	—	(321)	—	1,756
Pakistan	295	—	—	(12)	—	307
Kazakhstan	173	—	—	(149)	—	322
Kyrgyzstan	177	—		(51)	—	228
Uzbekistan	131	—	—	(12)	—	143
Armenia	59	(44)	—	(1)	—	104
Tajikistan	21	—	—	—	—	21
Others	8	—	—	2	—	6
Total	**4,223**	**(95)**	**2**	**(1,588)**	**(4,381)**	**10,285**

* Italy has been classified as held for sale and discontinued operation as of August 2015 (Note 6)

** The 2014 balances for Italy and Algeria were decreased and increased, respectively, by US$54 to correct for misallocation between the segments.

There were no changes to the methodology of goodwill allocation to CGUs in 2015.

The Company performed its annual goodwill impairment test as of October 1, 2015. 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 on a quarterly basis. 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 October 1, and December 31, 2015 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 calculations using cash flow projections from business plans including subsequent changes in the existing networks, renewal of the telecom licenses as well as any restructurings and other business initiatives. To the extent the business initiatives would not be valued by the market due to their early stages, they were no included in the cash flow projections. The business plans as approved by the Group's senior management cover the period of five years. The key assumptions and outcome of the impairment test is discussed separately below.

Impairment losses

2015

In Q1 2015, due to higher weighted average cost of capital for Ukraine by 1.0% as compared to October 1, 2014, the Company concluded an impairment of US$51 in its Ukraine CGU. The recoverable amount was determined based on a fair value less costs of disposal calculation using the latest cash flow projections (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 27.1% in 2015 and 20.4% 2016 followed by normalized post-tax discount rate of 17.8% as of March 31, 2015.

Also, due to higher weighted average costs of capital for the CGU Armenia, an impairment was concluded in Q1 2015 in the amount of US$44. The recoverable amount was determined based on a fair value less costs of disposal calculation using the latest cash flow projections (Level 3 fair value). The Company applied post-tax discount rate of 12.1% as of March 31, 2015.

Based on the annual goodwill impairment test as of October 1, 2015, there were no impairments concluded for these and other CGUs.

There were several countries that exhibited very limited headroom, and are discussed in more details later in this Note.

Additionally, in connection with the rollout of the Company's transformation strategy and commitment to network modernization, the Company has re-evaluated the plans for its existing network, including equipment purchased but not installed and recorded an impairment of US$150.

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 US$767. The recoverable amount was determined based on a fair value less costs of disposal calculation using the latest cash flow projections including the awarded 3G license as well as cost optimization restructurings and necessity to renew 2G licenses in the future (Level 3 fair value). Due to the 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 Company also concluded an impairment pertaining to its operations in Pakistan in an amount of US$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 US$34 and other smaller CGUs of US$28. The recoverable amounts were determined based on the fair value less costs of disposal calculations using the latest cash flow projections and a post-tax discount rate of 16.2% for Laos and 13.1% for other CGUs (Level 3 fair value).

In addition the Company recorded an impairment for other non-current assets for the total amount of US$110, which was offset by an impairment reversal pertaining to the sale by VimpelCom and GTH of all of our debt and equity interest in the Globalive group of companies in Canada in 2014.

2013

In its assessment of possible impairment triggering events in Q4 2013, the Company determined that Q4 2013 increases in the country risk premium and the increasingly volatile economic and political landscape in Ukraine required an impairment assessment to be made as of December 31, 2013 for the Ukraine CGU. As a result of this December 31, 2013 impairment assessment, the Company recorded an impairment of goodwill in the Ukraine CGU in an amount of US$2,085. The impairment was driven by macroeconomic 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 Q4 2013. Given the volatility in Ukraine, particularly approaching December 31, 2013, the Company, in determining the appropriate discount rate, considered that the rating downgrades suffered by Ukraine in November of 2013 contained negative outlooks and were already likely superseded by then-current events. Additionally, the Company referred to credit default swap spreads during Q4 2013. Based on all of the available information, the Company concluded that the discount rate of 23.1% appropriately reflected the return an investor would seek from the Ukraine CGU.

Other impairments recorded in 2013 related to the Armenia and Laos CGUs in amounts of US$20 and US$25, respectively, due to weakening operational performance. The recoverable amounts were calculated as value in use using the latest available cash flow projections and after-tax discount rates of 12.1% and 15.3%, respectively. Changes in the critical estimates such as weighted average cost of capital, operating margin or revenue growth rate by one percentage point 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 US$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 Q4 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 US$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 purchases of property and equipment and intangible assets other than goodwill.

The discount rates used in the impairment test were initially determined in US$ 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% (2014: 5.5%). 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 & Poor's 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 of a CGU 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. Due to the current macroeconomic and geopolitical situation in Russia and Ukraine, the Company applied higher discount rates for the last quarter of 2015 and the year 2016.

The Company estimates 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.

Discount rate (functional currency)	2015	2014
Russia*	11.2%	11.2%
Ukraine*	18.2%	16.8%
Algeria	11.4%	10.8%
Pakistan	15.7%	16.6%
Bangladesh	13.4%	12.9%
Kazakhstan	12.3%	11.4%
Kyrgyzstan	14.2%	16.5%
Uzbekistan	18.4%	10.2%
Armenia	12.9%	11.7%
Georgia	12.6%	13.1%
Tajikistan	13.5%	12.7%

* Due to the current macroeconomic and geopolitical situation in Russia and Ukraine, the Company applied higher discount rates for the last quarter of 2015 and the year 2016 as follows:

Russia: 21.6% (2015) and 15.0% (2016)

Ukraine: 54.3% (2015) and 25.8% (2016)

Average annual revenue growth rate during forecast period (functional currency)	2015	2014
Russia	2.4%	1.2%
Ukraine	3.9%	4.6%
Algeria	(0.9%)	6.0%
Pakistan	4.8%	6.1%
Bangladesh	6.5%	9.6%
Kazakhstan	3.5%	2.9%
Kyrgyzstan	2.4%	2.7%
Uzbekistan	1.7%	(3.6%)
Armenia	(0.7%)	2.1%
Georgia	6.5%	5.8%
Tajikistan	(4.2%)	6.4%

Terminal growth rate	2015	2014
Russia	1.0%	1.0%
Ukraine	3.0%	2.0%
Algeria	4.0%	4.0%
Pakistan	5.0%	6.0%
Bangladesh	5.9%	5.7%
Kazakhstan	3.0%	3.0%
Kyrgyzstan	2.5%	3.0%
Uzbekistan	2.0%	2.0%
Armenia	2.0%	4.0%
Georgia	3.0%	3.0%
Tajikistan	2.0%	2.0%

Average operating margin	2015	2014
Russia	25.4%	21.1%
Ukraine	25.9%	25.8%
Algeria	33.4%	40.9%
Pakistan	18.3%	20.5%
Bangladesh	15.8%	14.9%
Kazakhstan	39.0%	34.8%
Kyrgyzstan	44.5%	36.9%
Uzbekistan	50.7%	22.0%
Armenia	21.1%	13.7%
Georgia	17.2%	13.8%
Tajikistan	11.1%	25.6%

Average capital expenditure as a percentage of revenue	2015	2014
Russia	16.5%	17.5%
Ukraine	19.1%	22.6%
Algeria	16.3%	13.6%
Pakistan	14.1%	20.9%
Bangladesh	15.8%	17.8%
Kazakhstan	20.3%	13.0%
Kyrgyzstan	12.3%	14.1%
Uzbekistan	16.3%	20.0%
Armenia	11.8%	15.7%
Georgia	16.4%	18.9%
Tajikistan	13.6%	12.9%

Sensitivity to changes in assumptions

The following table illustrates the CGUs with limited headroom and potential impairments that would need to be recorded if certain key parameters would adversely change by one percentage point. Any additional adverse changes in the key parameters by more than one percentage point would increase the amount of impairment exposure approximately proportionally.

		Potential impairment if an assumption changes by 1%				
CGU	Headroom in US$	Discount Rate	Avg. growth rate	Avg. operating margin	Avg. CAPEX / Revenue	Terminal growth rate
Armenia	3	13	6	5	5	8
Georgia	5	8	4	1	1	1
Bangladesh	46	98	15	4	—	68
Ukraine	50	—	—	—	—	—
Pakistan	170	—	—	—	—	—

11 Income taxes

Income tax expense consisted of the following for the years ended December 31:

	2015	2014	2013
Current tax			
Current year	712	601	1,024
Adjustments of previous years	38	(40)	595
	750	**561**	**1,619**
Deferred tax			
Origination / (reversal) of temporary difference	(782)	(52)	16
Changes in tax rates	24	(4)	9
Current year tax losses unrecognized	207	72	56
Recognition and utilization of previously unrecognized tax loss/ tax credit	(23)	(12)	(94)
Expiration of tax losses	—	5	21
Derecognition of previously recognized tax losses	32	20	7
Write off / (reversal of write off) of deferred tax asset temporary differences	7	14	159
Adjustments of previous years	6	(15)	(4)
Unrecognized other carry forwards	(1)	10	24
Other deferred tax effects	—	(1)	—
	(530)	**37**	**194**
Income tax expense	**220**	**598**	**1,813**

Any penalties or interests relating to income tax claims or litigations are included in the income 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:

	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Reconciliation between statutory and effective income tax:			
Profit/(loss) before tax from continued operations	(595)	375	(1,642)
Income tax expense/ (benefit) computed on profit before taxes at statutory tax rate	(148)	94	(410)
Difference due to the effects of:			
Different tax rates in different jurisdictions	(76)	(150)	(15)
Non-deductible expenses	320	481	911
Non-taxable income	(11)	(106)	(45)
Prior year adjustments	44	(54)	591
Change in recognition of deferred tax assets	230	3	249
Withholding taxes	(179)	262	473
Tax claims	5	97	60
Change in Income tax rate	28	(4)	9
Other	7	(25)	(10)
Income tax charge for the period	**220**	**598**	**1,813**

The effective tax rate amounts to (37.0%) in 2015 (2014: 159.5% and 2013: (110.4)%).

Explanatory notes to the effective tax rate

Permanent differences

The non-deductible expenses have an increasing effect on the effective tax rate (US$330). The 2015 non-deductible expenses mainly relate to the provision recognized regarding the Uzbekistan investigations (Note 24) being non-tax deductible (US$199 tax impact), non-deductible interest expenses recorded in Egypt, non-deductible impairment losses.

In 2014 the permanent differences mainly related to non-deductible impairment losses of intangible assets in Ukraine, Pakistan, Georgia and Laos (US$245), non-deductible interest (US$125) and other non-deductible expenses (US$111).

Change in recognition of deferred tax assets

The effective tax rate increased by US$220 due to the change of recognition of deferred tax assets resulting mainly from tax losses for which no deferred tax asset was recognized in Georgia, Egypt and the Netherlands and a re-measurement of deferred tax asset on previous year tax losses in Luxembourg.

In 2014 the change of US$3 was due to tax losses in Egypt, the Netherlands and Bangladesh for which no deferred tax asset was recognized offset by a change of estimation of deferred tax assets on temporary non-deductible interest and other carry forwards.

Withholding taxes

The effect of withholding taxes on undistributed earnings resulted in a tax benefit of US$179. The amount includes a tax benefit of US$61 relating to a release of accrued Russian withholding taxes on dividends that will be distributed and a release of accrued withholding taxes for the Algerian capital gain taxes and distributed dividends (US$59).

Furthermore, the company released the accrued withholding taxes on distribution of dividends from the former CIS region after the restructuring of Kar-tel and Sky-Mobile (US$75). The company also accrued for withholding taxes on future distributions resulting in a net impact of US$58.

In 2014, the expense related to withholding taxes included a one charge of US$87 relating to Algerian withholding taxes on dividends that would be distributed upon closing of the 'Algerian deal', withholding taxes on distributed dividends from Russia and the CIS (US$68) and withholding taxes on accrued management fees being capitalized (US$26).

Prior year adjustments

The effect of prior year adjustments of US$44 increased the effective tax rate and mainly relate to the settlement with the Algerian government, resulting in a tax charge of US$24.

Tax claims

The tax claims relate to provisions for uncertain income tax positions. (Note 24)

Change in income tax rates

The changes in income tax rates of US$28 increased the effective tax rate. The nominal tax rate increased in Algeria (from 23% to 26% in 2015), in Uzbekistan (from 7.5% to 50% as from 2016), and decreased in Pakistan (from 33% to 32% in 2015). The increase of the effective tax rate is mainly caused by the increase of the tax rate in Uzbekistan.

Other

Other (US$7) includes recorded alternative minimum taxes for mainly Pakistan and Bangladesh.

Deferred taxes

As of December 31, 2015 and December 31, 2014, the Group reported the following deferred tax assets and liabilities on the balance sheet:

	December 31, 2015	December 31, 2014
Deferred tax assets	150	575
Deferred tax liabilities	(404)	(1,637)
Net deferred tax position	(254)	(1,062)

The following table shows the movements of the deferred tax assets and liabilities in 2015:

		Movements in Deferred taxes					
	Opening balance	Net income statement movement	Changes in composition of the group	Other comprehensive income & Other	Currency translation	Tax rate changes	Ending balance
Property, plant and equipment, net	(547)	(9)	(8)	—	95	(30)	(499)
Other intangible assets, net	(774)	73	401	—	80	(8)	(228)
Trade accounts receivable	74	25	(80)	—	(6)	8	21
Other assets	303	(162)	(131)	—	(13)	(2)	(5)
Provisions	42	(5)	(21)	—	(8)	1	9
Long-term debt	(19)	24	19	—	(2)	1	23
Accounts payable	69	37	(18)	—	(25)	8	71
Other liabilities	84	(32)	—	—	(12)	5	45
Other movements and temporary differences	7	(3)	—	18	(2)	—	20
Deferred subnational income taxes and other	(6)	(10)	16	—	(2)	—	(2)
Withholding tax on undistributed earnings	(599)	540	—	—	14	—	(45)
	(1,366)	478	178	18	119	(17)	(590)
Tax losses and other carry forwards	3,116	(72)	(384)	(20)	(20)	(7)	2,613
Non recognized deferred tax assets on losses and credits	(2,646)	—	384	—	(1)	—	(2,263)
Non recognized deferred tax assets on temporary differences	(166)	153	—	—	(1)	—	(14)
Net deferred tax position	(1,062)	559	178	(2)	97	(24)	(254)

Changes in composition of the Group includes the classification of the Italy as held for sale. Net income statement movements includes US$8 relating to discontinued operations.

The following table shows the movements of the deferred tax assets and liabilities in 2014:

	Opening balance	Movements in Deferred taxes: Net income statement movement	Changes in composition of the group	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	152	16	(774)
Trade accounts receivable	121	(26)	—	—	(21)	—	74
Other assets	703	(72)	—	—	(328)	—	303
Provisions	62	(2)	—	—	(18)	—	42
Long-term debt	(136)	(41)	—	(13)	172	(1)	(19)
Accounts payable	(56)	45	—	—	83	(3)	69
Other 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)
	(1,611)	(54)	—	(18)	312	5	(1,366)
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	(1,347)	(21)	—	(17)	319	4	(1,062)

Net income statement movements includes US$(20) relating to discontinued operations.

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 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 2015:

Tax losses year of expiration	recognized losses	recognized DTA	non recognized losses	non recognized DTA
0 - 5 years	—	—	(2,217)	548
6 - 10 years	(32)	6	(1,290)	322
> 10 years	—	—	—	—
Indefinitely	(907)	308	(5,671)	1,340
Total	**(939)**	**316**	**(9,178)**	**2,210**

Other carry forwards year of expiration	Recognized credits	Recognized DTA	Non-recognized credits	Non-recognized DTA
0 - 5 years	(35)	35	—	—
6 - 10 years	—	—	—	—
> 10 years	—	—	—	—
Indefinitely	—	—	(193)	53
Total	**(35)**	**35**	**(193)**	**53**

As of December 31, 2015, the amount of deductible temporary differences for which no deferred tax asset is recognized amounts to US$110 (US$87 in Georgia and US$23 in Ukraine, with a resulting non-recognized deferred tax asset of US$14).

The following tables show the recognized and not recognized deferred income tax assets as per December 2014 for comparison purposes:

Tax losses year of expiration	recognized losses	recognized DTA	non recognized losses	non recognized DTA
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**

Other carry forwards year of expiration	recognized credits	recognized DTA	non recognized credits	non recognized DTA
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**

VimpelCom reports the tax effect of the existence of undistributed profits that will be distributed in the foreseeable future. The Company has a deferred tax liability of US$45 relating to the tax effect of the undistributed profits that will be distributed in the foreseeable future, primarily in relation to its Russian operations. At the same time, the company also booked a deferred tax asset of US$18 relating to advanced withholding tax payments that will be refunded in future years.

At December 31, 2015, 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 US$8,239 (2014: US$6,563). Accordingly, no deferred tax liability is recognized for this amount of undistributed profits

Taxes recorded outside the income statement

The amount of current and deferred taxes reported outside of the income statement amounts to US$348 comprising of US$345 current tax charge and US$(3) deferred tax charge. The current tax charge mainly relates to the Algerian capital gain tax of US$428, out of which US$350 was recognized directly in equity (Note 6).

Non-current income tax assets

The company reported both current and non-current income tax assets. The non-current income tax asset (US$28) relates to advanced tax payments in Ukraine and Bangladesh which can only be offset against income tax liabilities in fiscal periods subsequent to 2016.

12 Investments

Information about subsidiaries

Name of significant subsidiaries	Country of incorporation	Nature of the subsidiary	Ownership held by the Group (%)	
			2015	2014
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%
PJSC VimpelCom	Russia	Operating	100%	100%
“Kyivstar” PJSC	Ukraine	Operating	100%	100%
LLP “KaR-Tel” (Note 6)	Kazakhstan	Operating	75.0%	71.5%
LLP “2 Day Telecom”	Kazakhstan	Operating	59.0%	59.0%
LLP “TNS-Plus”	Kazakhstan	Operating	49.0%	49.0%
LLC “Tacom”	Tajikistan	Operating	98.0%	98.0%
LLC “Unitel”	Uzbekistan	Operating	100%	100%
LLC “Mobitel”	Georgia	Operating	80.0%	80.0%
CJSC “ArmenTel”	Armenia	Operating	100%	100%
LLC “Sky Mobile” (Note 6)	Kyrgyzstan	Operating	50.2%	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	Egypt	Holding	51.9%	51.9%
Omnium Telecom Algérie S.p.A.*	Algeria	Operating	23.7%	50.3%
Optimum Telecom Algeria S.p.A.*	Algeria	Operating	23.7%	50.3%
Pakistan Mobile Communications Limited	Pakistan	Operating	51.9%	51.9%
Banglalink Digital Communications Limited	Bangladesh	Operating	51.9%	51.9%

* The Group considers that it controls OmniumTelecom Algérie S.p.A and Optimum Telecom Algeria S.p.A even though it owns less than 50% of the ordinary shares. This is because the Company can exercise operational control through a shareholders’ agreement. (Note 6)

The company holds and controls its investments in Omnium Telecom Algérie S.p.A., Optimum Telecom Algeria S.p.A, Pakistan Mobile Communications Limited and Banglalink Digital Communications Limited though its subsidiary Global Telecom Holding S.A.E. in which it holds a 51.9% interest. The equity interest presented in the table above represents the economic rights available to the Company.

Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Name of significant subsidiaries	Country of operation	Equity interest held by non-controlling interest in %	
		2015	2014
LLP "KaR-Tel"	Kazakhstan	25.0%	25.0%
LLC "Sky Mobile"	Kyrgyzstan	49.8%	28.5%
Global Telecom Holding S.A.E. (comprising Pakistan, Bangladesh and Algeria)	Egypt	48.1%	48.1%
Omnium Telecom Algérie S.p.A.**	Algeria	76.3%	49.7%
Book values of material non-controlling interests			
LLP "KaR-Tel"	Kazakhstan	241	164
LLC "Sky Mobile"	Kyrgyzstan	225	62
Global Telecom Holding S.A.E.	Egypt	(224)	(1,248)
Omnium Telecom Algérie S.p.A.**	Algeria	1,404	1,707
Profit/(loss) allocated to material non-controlling interests			
LLP "KaR-Tel"	Kazakhstan	44	49
LLC "Sky Mobile"	Kyrgyzstan	40	23
Global Telecom Holding S.A.E.	Egypt	26	(324)
Omnium Telecom Algérie S.p.A.**	Algeria	132	194

The summarized financial information of these subsidiaries before inter-company eliminations is as follows:

Summarized income statement for 2015:

	LLP "KaR-Tel"	LLC "Sky Mobile"	Global Telecom Holding S.A.E.	Omnium Telecom Algérie S.p.A.**
Operating revenue	534	164	2,894	1,273
Operating expenses	(410)	(93)	(2,462)	(922)
Other costs/income	97	29	(364)	(72)
Profit/(loss) before tax	221	100	68	279
Income tax expense	(51)	(10)	(115)	(106)
Profit/(loss) for the year	170	90	(47)	173
Attributed to non-controlling interest	44	40	26	132
Dividends paid to non-controlling interest	—	—	—	(57)

Summarized income statement for 2014:

	LLP "KaR-Tel"	LLC "Sky Mobile"	Global Telecom Holding S.A.E.	Omnium Telecom Algérie S.p.A.**
Operating revenue	690	178	3,331	1,692
Operating expenses	(513)	(109)	(2,972)	(1,211)
Other costs/income	25	22	(758)	(30)
Profit/(loss) before tax	202	91	(399)	451
Income tax expense	(49)	(10)	(286)	(60)
Profit/(loss) for the year	153	81	(685)	391
Attributed to non-controlling interest	49	23	(324)	194
Dividends paid to non-controlling interest	—	—	—	—

Summarized income statement for 2013:

	LLP "KaR-Tel"	LLC "Sky Mobile"	Global Telecom Holding S.A.E.	Omnium Telecom Algérie S.p.A.**
Operating revenue	776	192	3,470	1,796
Operating expenses	(586)	(120)	(4,131)	(2,440)
Other costs/income	21	2	(1,434)	(4)
Profit/(loss) before tax	211	74	(2,095)	(648)
Income tax expense	(58)	(8)	(988)	(942)
Profit/(loss) for the year	153	66	(3,083)	(1,590)
Attributed to non-controlling interest	39	19	(1,476)	(791)
Dividends paid to non-controlling interest	—	—	—	—

Summarized statement of financial position 2015:

	LLP "KaR-Tel"	LLC "Sky Mobile"	Global Telecom Holding S.A.E.	Omnium Telecom Algérie S.p.A.**
Property and equipment	199	67	2,125	522
Intangible assets	11	11	1,358	493
Other non-current assets	183	178	1,770	1,538
Trade and other receivables	20	15	253	135
Cash and cash equivalents	136	45	508	402
Other current assets	79	75	406	76
Financial liabilities	(13)	—	(2,490)	(539)
Provisions	(7)	—	(374)	(31)
Other liabilities	(84)	(29)	(1,548)	(585)
Total equity	524	362	2,008	2011
Attributed to equity holders of parent	283	137	2,232	607
Non-controlling interest	241	225	(224)	1,404

Summarized statement of financial position 2014:

	LLP "KaR-Tel"	LLC "Sky Mobile"	Global Telecom Holding S.A.E.	Omnium Telecom Algérie S.p.A.**
Property and equipment	414	86	2,391	655
Intangible assets	21	8	1,737	759
Other non-current assets	421	228	2,335	1,992
Trade and other receivables	24	14	233	142
Cash and cash equivalents	477	120	2,853	2,732
Other current assets	33	32	471	231
Financial liabilities	—	—	(5,734)	(71)
Provisions	(9)	—	(1,486)	(1,209)
Other liabilities	(167)	(28)	(2,138)	(1,037)
Total equity	**1,214**	**460**	**662**	**4.194**
Attributed to equity holders of parent	1,050	398	1,910	2,487
Non-controlling interest	164	62	(1,248)	1,707

Summarized cash flow statement 2015:

	LLP "KaR-Tel"	LLC "Sky Mobile"	Global Telecom Holding S.A.E.	Omnium Telecom Algérie S.p.A.**
Operating	137	81	(339)	(706)
Investing	(363)	(65)	(823)	(201)
Financing	(110)	(88)	(1,032)	(1270)
Effect of exchange rate changes on cash and cash equivalents	(5)	(3)	(151)	(153)
Net increase/(decrease) in cash equivalents	(341)	(75)	(2,345)	(2,330)

Summarized cash flow statement 2014:

	LLP "KaR-Tel"	LLC "Sky Mobile"	Global Telecom Holding S.A.E.	Omnium Telecom Algérie S.p.A.**
Operating	255	82	(362)	793
Investing	45	21	252	(393)
Financing	(72)	—	102	—
Effect of exchange rate changes on cash and cash equivalents	(14)	(2)	1	(317)
Net increase/(decrease) in cash equivalents	214	101	(7)	83

Summarized cash flow statement 2013:

	LLP "KaR-Tel"	LLC "Sky Mobile"	Global Telecom Holding S.A.E.	Omnium Telecom Algérie S.p.A.**
Operating	270	92	1,166	887
Investing	(221)	(103)	(508)	(109)
Financing	—	—	159	—
Effect of exchange rate changes on cash and cash equivalents	(4)	—	22	29
Cash included as held for sale	—	—	(26)	—
Net increase/(decrease) in cash equivalents	**45**	**(11)**	**813**	**807**

** The amount of Non-controlling interests presented for Omnium Telecom Algérie S.p.A. of 76.3% represents the Non-controlling interests in Algeria of 54.5% and the Non-controlling interests in the intermediate parent company in Egypt Global Telecom Holding S.A.E of 48.1%.

Investments in associates and joint ventures

Associates and Joint ventures	2015	2014
Joint ventures	199	237
Other investments in associates and joint ventures	2	28
	201	265

Summarized aggregate financial information joint ventures

	2015	2014	2013
(Loss)/ profit before tax	**42**	**(15)**	**(18)**
Income tax expense	(6)	(1)	(42)
(Loss)/ profit for the year	**36**	**(16)**	**(60)**
Other comprehensive income	—	—	—
Total comprehensive (loss)/ profit	**36**	**(16)**	**(60)**
Elimination of intercompany transactions	—	—	(24)
Group's share of (loss)/ profit for the year	**18**	**(8)**	**(42)**
Less Group's share of profit for the year	—	—	—
Group's share of (loss)/ profit for the year from investment in Joint Venture	**18**	**(8)**	**(42)**

The Company does not have any other material investments in associates and joint ventures. The Group's share of profit for the year ended December 31, 2015 amounted to US$14 (2014: US$(38), 2013: US$(159)).

13 Other non-operating losses / (gains)

Other non-operating losses / (gains) consisted of the following for the years ended December 31:

	2015	2014	2013
Change in fair value of derivatives over non-controlling interests	—	—	46
Change of fair value of other derivatives	15	(114)	—
Ineffective portion of cash flow hedges	6	(7)	(13)
Indemnity claims	—	—	(84)
Loss from early debt redemption	(4)	—	—
Other (gains)/ losses	25	—	(33)
	42	**(121)**	**(84)**

The change in fair value of other derivatives mainly relates to the change in fair value of derivatives in Russia (refer to Note 17).

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 ("**EPS**"):

Continuing operations	Year ended December 31		
	2015	2014	2013
	(In millions of U.S. dollars, except share amounts)		
Numerator:			
(Loss)/profit for the period attributable to the owners of the parent	(917)	33	(1,992)
Denominator:			
Denominator for basic earnings per share—weighted average common shares outstanding (millions)	1,748	1,748	1,711
Effect of dilutive securities: Employee stock options (millions)	1	1	1
Denominator for diluted earnings per share—assumed conversions (millions)	1,749	1,749	1,712
Basic (loss)/ earnings per share	-$ 0.52	$ 0.02	-$ 1.16
Diluted (loss)/ earnings per share	-$ 0.52	$ 0.02	-$ 1.16

Employee stock options (representing 1,272,584 shares) that are out of the money as of December 31, 2015 were excluded in the computation of diluted EPS because inclusion of the options would have been antidilutive for the periods presented.

Discontinued operations	Year ended December 31		
	2015	2014	2013
	(In millions of U.S. dollars, except share amounts)		
Numerator:			
(Loss)/profit for the period attributable to the owners of the parent	262	(680)	(633)
Denominator:			
Denominator for basic earnings per share—weighted average common shares outstanding (millions)	1,748	1,748	1,711
Effect of dilutive securities: Employee stock options (millions)	1	1	1
Denominator for diluted earnings per share—assumed conversions (millions)	1,749	1,749	1,712
Basic (loss)/ earnings per share	$ 0.15	-$ 0.39	-$ 0.37
Diluted (loss)/ earnings per share	$ 0.15	-$ 0.39	-$ 0.37

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 January 1, 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 December 31, 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 December 31, 2014	17,354	561	1,227	417	1,502	21,061
Reclassification to AHFS*	(5,085)	—	(163)	(29)	(233)	(5,510)
Additions	342	9	40	2	1,486	1,879
Disposals	(1,126)	(28)	(148)	(7)	(8)	(1,317)
Transfer	1,403	34	806	(660)	(1,583)	—
Acquisitions	1	—	2	1	—	4
Translation adjustment	(2,821)	(153)	(341)	(34)	(245)	(3,594)
At December 31, 2015	**10,068**	**423**	**1,423**	**(310)**	**919**	**12,523**
Depreciation and impairment						
At January 1, 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 December 31, 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 December 31, 2014	(7,976)	(187)	(761)	(279)	(9)	(9,212)
Reclassification to AHFS*	1,921	—	99	25	—	2,045
Transfer	73	(3)	(680)	686	(90)	(14)
Depreciation charge for the year	(1,765)	(35)	(136)	(30)	—	(1,966)
Disposals	1,069	7	145	5	—	1,226
Impairment (Note 10)	(45)	(7)	—	(1)	(97)	(150)
Translation adjustment	1,502	46	241	(2)	—	1,787
At December 31, 2015	**(5,221)**	**(179)**	**(1,092)**	**404**	**(196)**	**(6,284)**
Net book value						
At January 1, 2013	**11,748**	**569**	**545**	**216**	**2,588**	**15,666**
At December 31, 2013	**12,041**	**573**	**559**	**288**	**2,032**	**15,493**
At December 31, 2014	**9,378**	**374**	**466**	**138**	**1,493**	**11,849**
At December 31, 2015	**4,847**	**244**	**331**	**94**	**723**	**6,239**

* *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.

Depreciation charge for the year

The depreciation charge for 2013, 2014 and 2015 includes depreciation charges from the Italy segment for the periods before the segment was classified as held for sale and discontinued operations.

Change in estimate

During 2015 there were no other material change in estimates related to property and equipment other than the changes described in Note 10 "Impairment" (US$150), and accelerated depreciation in Pakistan pertaining to network modernization activities (US$100).

Capitalized borrowing costs

During 2015 VimpelCom capitalized interest in the cost of property and equipment in the amount of US$9 (2014: US$24, 2013: US$48). During 2015 the capitalization rate was 1.1% (2014: 1.1%, 2013: 2.2%).

Non-cash investing activities

During 2015, VimpelCom acquired property and equipment in the amount of US$560 (2014: US$898, 2013: US$1,256), which was not paid for as of respective year end.

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	Software	Brands and trademarks	Customer relation-ships	Telephone line capacity	Other intangible assets	Total
Cost							
At January 1, 2013	**4,854**	**1,473**	**2,377**	**4,256**	**178**	**3,827**	**16,965**
Acquisition of a subsidiary	—	—	—	23	—	—	23
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	(72)	44	13	(7)	29	65
At December 31, 2013	**6,797**	**2,088**	**2,163**	**4,901**	**177**	**1,717**	**17,843**
Additions	358	341	—	111	1	71	882
Disposals	(302)	(68)	(2)	(2)	—	(3)	(377)
Transfer	12	26	(1)	899	—	(936)	—
Translation adjustment	(1,204)	(505)	(329)	(1,147)	(74)	(326)	(3,585)
At December 31, 2014	5,661	1,882	1,831	4,762	104	523	14,763
Acquisitions	1	—	—	—	—	13	14
Reclassification to AHFS*	(3,338)	(530)	(1,063)	(2,370)	—	(269)	(7,570)
Additions	235	288	—	38	—	78	639
Disposals	(128)	(478)	(1)	—	—	(34)	(641)
Transfer	4	1	—	—	—	(5)	—
Translation adjustment	(674)	(336)	(203)	(692)	(21)	(76)	(2,002)
At December 31, 2015	**1,761**	**827**	**564**	**1,738**	**83**	**230**	**5,203**
							—
Amortization and impairment							**—**
At January 1, 2013	**(1,622)**	**(1,021)**	**(275)**	**(2,483)**	**(130)**	**(833)**	**(6,364)**
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)	—	—	—	—	—	(31)
Transfer	(1)	1	—	(22)	—	22	—
Translation adjustment	(20)	45	(12)	(21)	5	102	99
At December 31, 2013	**(2,051)**	**(1,270)**	**(397)**	**(3,184)**	**(141)**	**(963)**	**(8,006)**
Amortization charge for the year	(392)	(306)	(113)	(602)	(1)	(65)	(1,479)
Disposals	301	61	2	2	—	1	367
Impairment (Note 10)	(1)	(2)	—	—	—	—	(3)
Transfer	3	(2)	—	(707)	—	706	—
Translation adjustment	569	298	111	735	54	308	2,075
At December 31, 2014	(1,571)	(1,221)	(397)	(3,756)	(88)	(13)	(7,046)
Reclassification to AHFS*	709	276	228	2,088	—	(125)	3,176
Amortization charge for the year	(269)	(227)	(70)	(274)	(6)	(37)	(883)
Disposals	128	473	1	—	—	34	636
Impairment (Note 10)	—	—	—	—	—	—	—
Transfer	—	18	—	14	—	(32)	—
Translation adjustment	298	223	49	527	18	23	1,138
At December 31, 2015	**(705)**	**(458)**	**(189)**	**(1,401)**	**(76)**	**(150)**	**(2,979)**
							—
Net book value							**—**
							—
At January 1, 2013	**3,232**	**452**	**2,102**	**1,773**	**48**	**2,994**	**10,601**
At December 31, 2013	**4,746**	**818**	**1,766**	**1,717**	**36**	**754**	**9,837**
At December 31, 2014	**4,090**	**661**	**1,434**	**1,006**	**16**	**510**	**7,717**
At December 31, 2015	**1,056**	**369**	**375**	**337**	**7**	**80**	**2,224**

As of December 31, 2015, none of the intangible assets were pledged as collateral and no assets have restrictions on title.

During 2015 and 2014, VimpelCom did not capitalize any interest in the cost of intangible assets.

Non-cash investing activities

During 2015, VimpelCom acquired intangible assets in the amount of US$105 (2014: US$90, 2013: US$173), which was not paid for as of respective year end.

17 Financial assets and liabilities

Financial assets

The Company has the following financial assets as of December 31:

	2015	2014
Financial instruments at fair value through profit or loss		
Derivatives not designated as hedges		
Cross-currency interest rate exchange contracts	1	—
Foreign exchange contracts	15	94
Embedded derivatives in notes	—	8
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
Foreign exchange contracts	17	37
Available for sale financial instruments	45	49
Total financial instruments at fair value	**78**	**678**
Loans granted, deposits and other financial assets at amortized cost		
Bank deposits	432	110
Interest receivable	1	3
Other investment	46	26
Other loans granted	2	51
Total loans granted, deposits and other financial assets	**481**	**190**
Total other financial assets	**559**	**868**
Total current	395	266
Total non-current	164	602

Financial liabilities

The Company has the following financial liabilities as of December 31:

	2015	2014
Financial instruments at fair value		
Derivatives not designated as hedges		
Foreign exchange contracts	1	—
Derivatives designated as cash flow hedges		
Interest rate exchange contracts	3	90
Total financial instruments at fair value	**4**	**90**
Other financial liabilities at amortized cost		
Bank loans and bonds		
Bank loans and bonds, principal	8,784	25,024
Interest accrued	176	394
Fair value adjustment*	—	29
Discounts, unamortized fees	83	(73)
Equipment financing		
Equipment financing principal	760	1,019
Discounts, unamortized fees on equipment financing	(23)	(33)
Interest accrued on equipment financing	4	2
Loans from others		
Loans from others, principal	—	400
Interest accrued	—	13
Derivative over non-controlling interest recorded in equity	—	259
Total other financial liabilities at amortized cost	**9,784**	**27,034**
Total other financial liabilities	**9,788**	**27,124**
Total current	1,693	3,188
Total non-current	8,095	23,936

* 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.

Bank loans and bonds

The Company has the following principal amounts outstanding for interest-bearing loans and bonds as of December 31:

Borrower	Type of Debt	Interest rate	Maturity	Currency	2015	2014	Guarantor
WIND Acquisition Finance S.A.	Senior Secured Notes*	3m Euribor + 4.0-5.3% 4.0-6.5%	2019-2021	EUR/US$	—	5,868	WIND Telecomunicazioni S.p.A.
PJSC VimpelCom	Eurobonds	6.5-9.1%	2016-2021	US$	1,680	3,100	None
WIND Telecomunicazioni S.p.A.	Senior Facility Agreement*	6m Euribor + 4.3-4.8%	2018-2019	EUR	—	2,156	WIND Telecomunicazioni S.p.A.
WIND Acquisition Finance S.A.	Senior Notes*	7.0-7.4%	2021	EUR/US$	—	4,917	WIND Telecomunicazioni S.p.A.
PJSC VimpelCom	Sberbank	12.75%	2017-2018	RUB	831	1,583	None
PJSC VimpelCom	Ruble Bonds	10.0-11.9%	2017	RUB	550	978	None
VimpelCom Holdings B.V.	Notes	5.2-7.5%	2017-2023	US$	3,183	3,600	PJSC VimpelCom
VimpelCom Holdings B.V.	Notes	9.0%	2018	RUB	165	213	PJSC VimpelCom
VimpelCom Amsterdam B.V.	Alfa Bank	1m Libor + 3.3%	2017	US$	1,000	1,000	None
VimpelCom Amsterdam B.V.	Revolving Credit Facility	6m Libor + 3.0%	2017	US$	—	500	None
WIND Telecomunicazioni S.p.A.	Revolving Credit Facility*	Euribor + 4.3%	2018	EUR	—	121	WIND Telecomunicazioni S.p.A.
Banglalink Digital Communications Ltd.	Senior Notes	8.6%	2019	US$	300	300	None
Omnium Telecom Algeria SpA	Syndicated loan (Algeria)	Bank of Algeria re-discount rate + 2.0%	2019	DZD	467		None
	Other loans				608	688	
	Total bank loans and bonds				**8,784**	**25,024**	
	Less current portion				(1,342)	(2,407)	
	Long-term portion of bank loans and bonds				7,442	22,617	

*- Bank loans and bonds relate to Italy presented as held for sale.

Loans from others

The Company has the following principal amounts outstanding for loans from other parties as of December 31:

Type of debt	Interest rate	Maturity	Currency	2015*	2014
Debt to Italian Government (LTE license)	Rendistato+1%	2016	EUR	—	196
Annuity loans	3.4-5.5%	2016	EUR	—	45
Terna Debt	10.1%	2035	EUR	—	159
Other loans					—
Total loans from others				**—**	**400**
Less current portion				**—**	**(125)**
Long-term loans from others				**—**	**275**

*- Loans from others relate to Italy presented as held for sale.

Major treasury events during 2015

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

On March 30, 2015, VimpelCom Amsterdam B.V. closed a tender of up to US$2,100 aggregate principal amount on outstanding U.S. dollar notes issued by VimpelCom Holdings B.V. and PJSC VimpelCom. The aggregate principal amount accepted for repurchase was US$1,838 and was settled on April 2, 2015.

The unamortized debt issuance costs and unamortized fair value hedge basis adjustment were released to the income statement at the date of the closing resulting in a gain of US$21, recorded as "early redemption fees" in "Other non-operating gains/losses", refer note 13.

VimpelCom Holdings B.V.

On December 24, 2015, VimpelCom Holdings B.V. entered into an RMB 700 million (approximately US$108 as of December 24, 2015) term loan facility agreement with China Development Bank Corporation as lender, bearing interest at a fixed rate of 5.71% per annum, to finance equipment purchases by PJSC VimpelCom 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 two years and has a total tenor of five years.

PJSC VimpelCom (former name "OJSC VimpelCom")

Sberbank facilities

As a result of the macro economic environment in Russia, Sberbank informed PJSC VimpelCom on March 2, 2015, of an unilateral increase in fixed interest rates in the three outstanding term loan credit facilities to PJSC VimpelCom from between 9.00% and 10.75% per annum to between 14.50% and 16.25% per annum effective June 1, 2015, in accordance with the terms of the facility agreements. The increase applied to a total outstanding principal amount of RUB 80,274 million (approximately US$1,515 as of June 1, 2015). The interest rate as from June 1, 2015 was 14.5% per annum.

On August 5, 2015, PJSC VimpelCom and Sberbank signed the amendments to the three Sberbank credit facility agreements to reduce the fixed interest rates on each facility to between 8.75% and 14.0% per annum, depending on certain conditions set out in the agreements. The reduction applies to a total principal amount of RUB 77,497 million (approximately US$1,232 as of August 5, 2015). Since August 5, 2015, the current fixed

interest rate is 12.75% per annum. In addition, as a result of further amendments entered into between PJSC VimpelCom and Sberbank on December 30, 2015, the fixed interest rates on the term loan facilities with Sberbank can no longer be unilaterally increased by Sberbank.

On December 30, 2015, PJSC "VimpelCom" entered into a credit facility agreement with Sberbank of Russia for the amount of RUB 30,000 million (approximately US$414) with an availability period until of March 31, 2016. This facility bears interest at a rate of 11.55% per annum and matures on June 29, 2018.

Reset of interest on PJSC "VimpelCom" putable Ruble bonds

On March 5, 2015, PJSC VimpelCom announced the reset of the coupon rate on its 8.85% put-able Ruble bonds in a principal amount of RUB 25,000 million (approximately US$418 as of March 5, 2015) maturing on March 8, 2022 and in a principal amount of RUB 10,000 million (approximately US$174 as of March 5, 2015) maturing on March 14, 2022.

The new coupon rate of 10.00% per annum is applicable for the next four coupon periods (next two years) and will reset again on March 5, 2017 at the same time as the next bondholder put date. Following the reset of the coupon rate, bondholders exercised their put options in aggregate principal amounts of RUB 24,788 million (approximately US$414 as of March 5, 2015) and RUB 9,995 million (approximately US$174 as of March 5, 2015) which was repaid on March 20, 2015 and March 26, 2015 respectively.

PJSC "VimpelCom" bond issue

On October 16, 2015, PJSC VimpelCom issued RUB 15,000 million (approximately US$226 as of October 16, 2015) and RUB 10,000 million (approximately US$151 as of October 16, 2015) Ruble bonds due in 2025 with a coupon of 11.90%, payable semi-annually. This coupon is applicable for the first four coupon periods (first two years) and will reset on October 13, 2017 along with the bondholder put date. The proceeds were used to refinance scheduled debt repayments.

PJSC VimpelCom secondary bond placement

On November 3, 2015, PJSC "VimpelCom" confirmed the final allocation of the secondary offer of Ruble bonds in a principal amount of RUB 14,840 million (approximately US$233 as of November 3, 2015) due 2022 with an investor put option on March 17, 2017. The proceeds have been settled on November 5, 2015. The Bonds have a coupon of 10.0% per annum. Interest is payable semi-annually. The selling price was 98.05% and the yield to the next put option date is 11.91%. The proceeds were used to refinance scheduled debt repayments.

Omnium Telecom Algeria SpA and Optimum Telecom Algérie SpA financing

For information on the credit facilities of Omnium Telecom Algeria SpA and Optimum Telecom Algérie SpA and the utilization thereof, see Note 6.

Pakistan Mobile Communications Ltd. ("PMCL") financing

On July 9, 2015, PMCL drew an amount of PKR 2,275 million (approximately US$22 as of July 9, 2015) under an existing syndicated facility. This facility bears interest at 6 months Karachi Interbank Offered Rate ("**KIBOR**") plus 1.0% per annum. Repayment will take place through periodic instalments between November 26, 2015 and November 26, 2018.

On September 3, 2015, PMCL issued additional local Sukuk Certificates for an amount of PKR 3,900 million (approximately US$37 as of September 3, 2015). These certificates bear interest at 3 month KIBOR plus 0.88% per annum. Repayment will take place through periodic instalments between March 22, 2017 and December 22, 2019.

On December 3, 2015 PMCL entered into a syndicated facility with several banks for the amount of PKR 16,000 million (approximately US$152 as of December 3, 2015). This facility bears interest at 6 month KIBOR plus 0.8% per annum. Repayment will take place through periodic instalments between June 23, 2018 and December 23, 2020. On December 23, 2015 PMCL has drawn PKR 500 million (approximately US$5 as of December 23, 2015).

On December 7, 2015 PMCL entered into a credit facility with Habib Bank Limited for the amount of PKR 4,000 million (approximately US$38 as of December 7, 2015). This facility bears interest at 6 month KIBOR plus 0.9% per annum. Repayment will take place through periodic instalments between June 22, 2018 and December 23, 2020.

KaR-Tel financing

On May 4, 2015, KaR-Tel, an indirect subsidiary of the Company, entered into a KZT 8,300 million (approximately US$45 as of May 4, 2015) term loan facility agreement with Kazkommertsbank JSC as lender, bearing interest at a rate of 19% per annum. KaR-Tel has provided a cash deposit in the amount of US$50 as security. The loan enables KaR-Tel to ensure a higher level of liquidity in local currency. The facility has a term of one year and was fully drawn down on May 4, 2015.

KaR-Tel loan to non-controlling shareholder

On March 2, 2015, KaR-Tel signed a facility agreement with Aureglia Limited, the minority shareholder of its parent company VIP Kazakhstan Holding AG, for a total amount of US$100. On March 10, 2015, Aureglia Limited drew down the total amount of the facility at an interest rate of 2.41% per annum. The facility was fully repaid on June 24, 2015.

Hedging activities and derivatives

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 the income statement, 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

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 US$ from adverse US$-RUB movements. As of December 31, 2015, the notional amount outstanding of these derivative contracts (only forwards) was US$490 (2014: only zero-cost collars US$603) with an average FX rate 69.02 (2014: an average cap rate 48.72 and an average floor rate 39.95).

Embedded derivatives in notes

The Notes issued by the Company's Bangladesh subsidiary, Banglalink Digital Communications Ltd. ("Banglalink"), include early repayment options. Accordingly, Banglalink 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.

Cross currency interest rate exchange contracts

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 US$ denominated debt with current outstanding balances of US$14 (2014: US$23) to PKR 1,455 (2014: PKR 2,274), 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 swap contracts

The Company's Pakistan subsidiary, Pakistan Mobile Communications Limited, entered into several Interest Rate Swap Agreements to reduce the cash flow volatility due to variable debt interest payments. Pursuant to these agreements, Pakistan Mobile Communications Limited pays a fixed rate of 8.15%—8.72% and receives KIBOR three- or six-month floating rate on a notional amount of PKR 19,400 million, which will amortize until maturity along with the principal of the underlying debt. The swaps expire between May 16, 2019 and December 23, 2019.

Derivatives not designated as hedging instruments

The Company uses foreign currency denominated borrowings, foreign exchange swaps, options and zero cost collars 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.

Derivatives under hedge accounting

The Company uses cross currency interest rate swaps, interest rate swaps, foreign exchange forwards/swaps, options and zero cost collars to manage its exposure to variability in cash flows that is attributable to foreign exchange and interest rate risk 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 applies cash flow hedge accounting to hedge the risk on future foreign currency cash flows and floating interest rate cash flows.

The Company's hedge accounting is summarized below:

	Risk being hedged	At December 31, 2015 Nominal value	At December 31, 2015 Fair value assets	At December 31, 2015 Fair value liabilities	At December 31, 2014 Nominal value	At December 31, 2014 Fair value assets	At December 31, 2014 Fair value liabilities
Cash flow hedge accounting							
Cross currency interest rate exchange contracts	Currency	—	—	—	3,875	320	—
Interest rate exchange contracts	Interest	185	—	3	1,657	—	90
Foreign exchange contracts	Currency	298	17	—	191	37	—
Fair value hedge accounting							
Cross currency interest rate exchange contracts	Currency	—	—	—	1,375	170	—
No hedge accounting							
Cross currency interest rate exchange contracts	Currency	14	1	—	22	—	—
Foreign exchange contracts	Currency	266	15	1	468	94	—

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:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
At December 31, 2015					
Cash flows	13	(4)	(1)	—	8
Cash flow hedge reserve					2

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
At December 31, 2014					
Cash flows	70	55	91	60	276
Cash flow hedge reserve					(71)

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 December 31, (based on future cash flows discounted at current market rates), other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	2015	2014	2015	2014
Financial assets				
Financial instruments at fair value through profit or loss				
Derivatives not designated as hedges				
Cross-currency interest rate exchange contracts	1	—	1	—
Foreign exchange contracts	15	94	15	94
Embedded derivatives in notes	—	8	—	8
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	—	320
Foreign exchange contracts	17	37	17	37
Available for sale financial instruments	45	49	45	49
Total financial instruments at fair value, assets	**78**	**678**	**78**	**678**
Loans granted, deposits and other financial assets				
Bank deposits	432	110	432	110
Interest receivable	1	3	1	3
Other investment	46	26	46	26
Other loans granted	2	51	2	51
Total loans granted, deposits and other financial assets	**481**	**190**	**481**	**190**
Total financial assets	**559**	**868**	**559**	**868**
Financial instruments at fair value				
Derivatives not designated as hedges				
Foreign exchange contracts	1	—	1	—
Derivatives designated as cash flow hedges				
Interest rate exchange contracts	3	90	3	90
Total financial instruments at fair value, liabilities	**4**	**90**	**4**	**90**
Total other financial liabilities at amortized cost	**9,784**	**27,034**	**9,720**	**25,410**
Total financial liabilities	**9,788**	**27,124**	**9,724**	**25,500**

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.

The carry amount of cash of cash and cash equivalents, trade and other receivables, and trade and other payables approximates to their respective fair value.

The fair value of derivative financial instruments is determined using present value techniques such as discounted cash flow techniques, Monte Carlo simulation and/or the Black-Scholes model. These valuation

techniques are commonly used for valuation of derivative. Observable inputs (Level 2) used in the valuation techniques includes LIBOR, EURIBOR, swap curves, basis swap spreads, foreign exchange rates and credit default spreads of both counterparties and our own entities.

The fair value of Available for Sale financial instruments are determined through comparison of various multiples and reference to market valuation of similar entities quoted in an active market. If information is not available, a discounted cash flow method is used.

Fair value measurements for financial liabilities at amortized cost are based on quoted market prices, where available. If the quoted market price is not available, the fair value measurement is based on discounted expected future cash flows using a market interest rate curve, credit spreads and maturities.

Fair value hierarchy

As of December 31, 2015 and 2014 the Company held financial instruments at fair value recorded on the statement of financial position.

The fair value hierarchy ranks fair value measurements based on the type of inputs used in the valuation; 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

The following table provides the disclosure of fair value measurements separately for each major class of assets and liabilities.

As of December 31, 2015 **Description**	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
Financial instruments at fair value through profit or loss				
Derivatives not designated as hedges				
Cross-currency and Interest rate exchange contracts	—	1	—	1
Foreign exchange contracts	—	15	—	15
Financial instruments at fair value				
Derivatives designated as cash flow hedges				
Foreign exchange contracts	—	17	—	17
Available for sale financial instruments	—	18	27	45
Total financial instruments at fair value, assets	**—**	**51**	**27**	**78**
Assets for which fair values are disclosed				
Loans granted, deposits and other financial assets				
Bank deposits	—	432	—	432
Interest receivable	—	1	—	1
Other investment	—	46	—	46
Other loans granted	—	2	—	2
Total assets for which fair values are disclosed	**—**	**481**	**—**	**481**
Financial instruments at fair value through profit or loss / equity				
Derivatives not designated as hedges				
Foreign exchange contracts	—	1	—	1
Derivatives designated as cash flow hedges				
Interest rate exchange contracts	—	3	—	3
Total financial instruments at fair value, liabilities	**—**	**4**	**—**	**4**
Liabilities for which fair values are disclosed				
Financial liabilities at amortized cost	5,658	4,062	—	9,720
Total liabilities for which fair values are disclosed	**5,658**	**4,062**	**—**	**9,720**

As of December 31, 2014 Description	(Level 1)	(Level 2)	(Level 3)	Total
Financial instruments at fair value through profit or loss				
Derivatives not designated as hedges				
Cross-currency and Interest rate exchange contracts				
Foreign exchange contracts	—	94	—	94
Embedded derivatives in notes			8	8
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 and Interest rate exchange contracts	—	320	—	320
Foreign exchange contracts	—	37	—	37
Available for sale financial instruments	—	27	22	49
Total financial instruments at fair value, assets	**—**	**648**	**30**	**678**
Assets for which fair values are disclosed				
Loans granted, deposits and other financial assets				
Bank deposits	—	110	—	110
Interest receivable	—	3	—	3
Other investment	—	26	—	26
Other loans granted	—	51	—	51
Total assets for which fair values are disclosed	**—**	**190**	**—**	**190**
Financial instruments at fair value				
Derivatives designated as cash flow hedges				
Interest rate exchange contracts	—	90	—	90
Total financial instruments at fair value, liabilities	**—**	**90**	**—**	**90**
Liabilities for which fair values are disclosed				
Financial liabilities at amortized cost	11,177	14,233	—	25,410
Total liabilities for which fair values are disclosed	**11,177**	**14,233**	**—**	**25,410**

The reconciliation of movements relating to financial instruments classified in level 3 of the fair value hierarchy:

	As of Dec.31, 2014	Currency translation adjustment	Change in fair value reported in earnings	Change in fair value reported in equity	Purchased	Transferred to Level 2	As of Dec.31, 2015
Financial instruments at fair value through profit or loss							
Derivatives not designated as hedges							
Embedded derivatives in notes	**8**	**—**	**—**	**—**	**—**	**(8)**	**—**
Financial instruments at fair value							
Available for sale financial instruments	**22**	**(2)**	**—**	**7**	**—**	**—**	**27**
Total financial instruments at fair value, assets	**30**	**(2)**	**—**	**7**	**—**	**(8)**	**27**

	As of Dec.31, 2013	Currency translation adjustment	Change in fair value reported in earnings	Change in fair value reported in equity	Purchased	Sold/ Settled/ Expired	As of Dec.31, 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	**20**	**(2)**	**—**	**4**	**—**	**—**	**22**
Total financial instruments at fair value, assets	**174**	**(2)**	**(149)**	**4**	**3**	**—**	**30**

Transfers into and transfers out of fair value hierarchy levels are recognized at the end of the reporting period (of the date of the event or change in circumstances that caused the transfer). During the year ended December 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements. Embedded derivative fair value measurements were transferred from Level 3 to Level 2 as the primary calculations used in the valuation of these instruments are based on market observable inputs such as forward curve data, discount factors, swaption volatilities and credit spreads. On a quarterly basis, the Company reviews if there are any indicators for a possible transfer between the Level 2 and Level 3. This depends on how the Company is able to obtain the underlying input parameters when assessing the fair valuations.

There were no other movements of financial instruments measured at the fair value using unobservable inputs (Level 3) other than change of fair value and currency translation adjustment.

Any changes in fair values of financial instruments are unrealized and recorded in “Other non-operating losses” in the Statement of comprehensive income.

Offsetting financial assets and liabilities

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, is it allowed to offset any derivative positions outstanding.

As at December, 31 2015	Gross amounts recognized	Gross amounts set off in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Other financial assets (non-current)	164	—	**164**	**—**	**—**	**164**
Other financial liabilities (non-current)	8,095	—	**8,095**	**—**	**—**	**8,095**
Other financial assets (current)	395	—	**395**	**—**	**—**	**395**
Other financial liabilities (current)	1,693	—	**1,693**	**—**	**—**	**1,693**
Trade and other receivables	720	(43)	**677**	**—**	**—**	**677**
Trade and other payables	1,811	(43)	**1,768**	**—**	**—**	**1,768**

As at December 31, 2014	Gross amounts recognized	Gross amounts set off in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
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**

18 Current and non-current other financial assets and liabilities

Other non-current non-financial assets consisted of the following as of:

	December 31, 2015	December 31, 2014
Deferred costs related to connection fees	10	13
Other long-term assets	95	13
	105	**26**

Other current non-financial assets consisted of the following as of:

	December 31, 2015	December 31, 2014
Advances to suppliers	162	371
Input VAT	129	161
Prepaid taxes	21	141
Deferred costs related to connection fees	8	16
Indemnification assets	—	99
Others	14	9
	334	**797**

Other non-current non-financial liabilities consisted of the following as of:

	December 31, 2015	December 31, 2014
Long-term deferred revenue	15	76
Provision for pensions and other post-employment benefits	33	126
Governmental grants	—	41
Payables for intangibles	34	43
Other non-current liabilities	13	115
	95	**401**

Other current non-financial liabilities consisted of the following as of:

	December 31, 2015	December 31, 2014
Customer advances	231	496
Short-term deferred revenue	146	203
Customer deposits	80	85
Other taxes payable	268	580
Other payments to authorities	45	124
Due to employees	168	224
Other liabilities	101	218
	1,039	**1,930**

19 Inventories

Inventory consisted of the following as of:

	December 31, 2015	December 31, 2014
Telephone handsets and accessories for sale	96	99
SIM-Cards	11	14
Other inventory	20	26
Inventory write-offs	(23)	(22)
Total	**104**	**117**

20 Trade and other receivables

Trade and other receivables consisted of the following as of December 31:

	2015	2014
Trade accounts receivable, gross	724	2,429
Allowance for doubtful accounts	(182)	(582)
Trade accounts receivable, net	542	1,847
Other receivables	135	39
	677	**1,886**

As of December 31, 2015, trade receivables with an initial value of US$182 (2014: US$582) were impaired and, thus, fully provided for. See below the movements in the allowance for the impairment of receivables:

	2015	2014	2013
Balance as of January 1,	582	795	717
Acquisition of a subsidiary	1	—	—
Classified as held for sale	(386)	(4)	—
Allowance for doubtful debts	72	208	207
Recoveries	—	(7)	—
Accounts receivable written off	(24)	(292)	(135)
Foreign currency translation adjustment	(63)	(118)	6
Balance as of December 31,	**182**	**582**	**795**

As of December 31, 2015, the aging analysis of trade receivables is as follows:

			Past due but not impaired		
	Total	Neither past due nor impaired	< 30 days	30–120 days	> 120 days
2015	542	337	99	68	38
2014	1,847	1,187	181	137	342

21 Cash and cash equivalents

Cash and cash equivalents consisted of the following items as of December 31:

	2015	2014
Cash at banks and on hand	1,644	4,586
Short-term deposits with original maturity of less than three months	1,970	1,756
Total cash and cash equivalents	**3,614**	**6,342**

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 December 31, 2015 in Uzbekistan of US$495 (December 31, 2014: US$532) and in Ukraine of US$4 (December 31, 2014: US$116) are restricted due to local government or central bank regulations and therefore cannot currently be repatriated.

Cash balances as of December 31, 2015 include investments in money market funds of US$1,174 (December 31, 2014: US$1,207).

22 Issued capital and reserves

As of December 31, 2015, the Company had 2,759,171,830 authorized common shares (2014: 2,759,171,830) with a nominal value of US$0.001 per share, of which 1,756,731,135 shares were issued and outstanding (2014: 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.

There are currently 305,000,000 VimpelCom convertible preferred shares authorized and outstanding, with a nominal value of US$0.001 per share, 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. 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 (presently Telenor) are, subject to our bye-laws and Bermuda law, entitled to convert their convertible preferred shares, at their option, any time between October 15, 2013 and April 15, 2016 at a price based on the NASDAQ price of VimpelCom ADSs. Any convertible preferred shares not redeemed five years after the date of their issue will be immediately redeemed by the company at a redemption price of US$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 7,726,487 shares of common stock as of December 31, 2015 (2014: 8,132,989).

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 mainly used to recognize the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration (see Note 25), to record the accumulated impact of derivatives designated as cash flow hedges (see Note 17) and recognize the results of transactions that does not result in a change of control with non-controlling interest (Note 6).

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. The decrease in the foreign currency reserve relates mainly to the strengthening of the US Dollar and the depreciation of emerging markets currencies in which VimpelCom operates over the past two years.

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 November 6, 2015 the Company announced that the Supervisory Board authorized the payment of a dividend of US 3.5 cents per ADS. The dividend was paid on December 7, 2015.

On November 11, 2014, the Supervisory Board authorized the payment of a dividend of US 3.5 cents per ADS. The dividend was paid on December 8, 2014.

The Company made appropriate tax withholdings of up to 15% when the dividends is paid to the Company's ADS depositary, The Bank of New York Mellon.

24 Provisions

The following table summarizes the movement in provisions for the years ended December 31, 2015 and 2014:

	Income taxes provisions	Tax provisions other than for income tax	Provision for decommissioning	Legal provisions	Other provisions	Total provisions
At January 1, 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 December 31, 2014	**353**	**60**	**190**	**44**	**1,248**	**1,895**
Total current 2014	131	31	—	14	1,192	1,368
Total non-current 2014	222	29	190	30	56	527
At January 1, 2015	**353**	**60**	**190**	**44**	**1,248**	**1,895**
Arising during the year	92	31	15	945	37	1,120
Utilized	(28)	—	(1)	(4)	(1,170)	(1,203)
Reclassification to HFS	(46)	—	(41)	(27)	(41)	(155)
Reclassification	21	(9)	1	3	(16)	—
Unused amounts reversed	(67)	(13)	(55)	(36)	(16)	(187)
Discount rate adjustment and imputed interest (change in estimates)	—	—	6	—	—	6
Translation adjustments and other	(43)	(4)	(28)	(6)	(25)	(106)
At December 31, 2015	**282**	**65**	**87**	**919**	**17**	**1,370**
Total current	118	36	—	849	17	1,020
Total non-current	164	29	87	70	—	350

At December 31, 2015, legal provisions include the provision of US$900 in connection with the investigations relating to our business in Uzbekistan as further discussed below.

During 2015, the Company recorded significant provisions for a number of tax disputes in Pakistan and Bangladesh, including disputes relating to the supply of SIM cards.

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.

The Group has recognized a provision for decommissioning obligations associated with future dismantling of its towers in various jurisdictions.

Investigations by SEC/DOJ/OM

VimpelCom has reached resolutions through agreements with the U.S. Department of Justice (the "DOJ"), the U.S. Securities and Exchange Commission (the "SEC") and the Dutch Public Prosecution Service (Openbaar Ministerie) (the "OM") relating to the previously disclosed investigations under the FCPA and relevant Dutch laws pertaining to VimpelCom's business in Uzbekistan and prior dealings with Takilant Ltd. The relevant agreements have been approved by the authorities. Pursuant to these agreements, VimpelCom agreed to pay an aggregate amount of US$795 in fines and disgorgements to the SEC, the DOJ and the OM.

On February 18, 2016, the United States District Court for the Southern District of New York (the "District Court") approved the agreements with the DOJ. In particular, the District Court approved without modification the deferred prosecution agreement (the "DPA") entered into by VimpelCom and the DOJ related to charges of conspiracy to violate the anti-bribery and the books-and-records provisions of the FCPA and violation of the internal controls provisions of the FCPA. In addition, Unitel LLC ("Unitel"), a subsidiary of VimpelCom operating in Uzbekistan, pleaded guilty to conspiring to violate the anti-bribery provisions of the FCPA, and the District Court immediately sentenced Unitel in accordance with the plea agreement between VimpelCom and the DOJ. Under the agreements with the DOJ, VimpelCom agreed to pay a total criminal penalty of US$230 to the United States, including US$40 in forfeiture.

In connection with the investigation by the OM, VimpelCom and Silkway Holding BV, a wholly owned subsidiary of VimpelCom, entered into a settlement agreement (the "Dutch Settlement Agreement") related to anti-bribery and false books-and-records provisions of Dutch law. Pursuant to the Dutch Settlement Agreement, VimpelCom agreed to pay criminal fines of US$230 and to disgorge US$375, to be satisfied by the forfeiture to the DOJ of US$40, a disgorgement to the SEC of US$167.5 and a further payment to the OM of US$167.5 beyond the criminal fines.

VimpelCom also consented to the entry of a settlement (the "Consent") relating to the SEC's complaint against VimpelCom, which charged violations of the anti-bribery, books-and-records and internal controls provisions of the FCPA. On February 22, 2016, the District Court issued a final judgment that affirmed the terms of the Consent and permanently enjoined the Company from future violations of law. Pursuant to the Consent, VimpelCom agreed to a judgment ordering disgorgement of US$375, to be satisfied by the forfeiture to the DOJ of US$40, the disgorgement to the OM of US$167.5, and a payment to the SEC of US$167.5.

The DPA, the guilty plea, the Dutch Settlement Agreement and the Consent comprise the terms of the resolution of the Company's potential liabilities in the previously disclosed DOJ, SEC and OM investigations regarding VimpelCom and Unitel.

All amounts to be paid under the DPA, the guilty plea, the Dutch Settlement Agreement and the Consent were paid in February and March 2016 and were included in the provision made by VimpelCom in its financial statements for the year ended December 31, 2015. The remaining provision of US$105 mainly covers expected direct and incremental legal expenses associated with this resolution. Under the DPA, the DOJ will defer criminal prosecution of VimpelCom for a term of three years. If VimpelCom remains in compliance with all

terms of the DPA during its term, the charges against VimpelCom will be dismissed with prejudice. Under the DPA and pursuant to the Consent, VimpelCom also represented that it has implemented and agreed that it will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout its operations.

Under the DPA and the Consent, VimpelCom agreed to appoint an independent compliance monitor (the "monitor"). Pursuant to the DPA and the Consent, the monitorship will continue for a period of three years, and the term of the monitorship may be terminated early or extended depending on certain circumstances, as ultimately determined and approved by the DOJ and SEC. If the DOJ determines that VimpelCom has violated the DPA, the DOJ, in its sole discretion, may commence prosecution of the Company for the conduct covered by the DPA or extend the period of the DPA for up to one year. The monitor will assess and monitor VimpelCom's compliance with the terms of the DPA and Consent by evaluating, among other things, VimpelCom's corporate compliance program, internal accounting controls, recordkeeping and financial reporting policies and procedures. The monitor may recommend changes to our policies, procedures, and internal accounting controls that we must adopt unless they are unduly burdensome or otherwise inadvisable, in which case we may propose alternatives, which the DOJ and the SEC may or may not accept.

Additionally, we have incurred significant costs in connection with our retention of legal counsel and other vendors/advisors and the internal investigation undertaken in connection with these matters. Other than what has been provided for as part of the settlement, we currently cannot estimate the costs that we are likely to incur in connection with compliance with the DPA, the Consent and the Dutch Settlement Agreement, including the ongoing obligations to cooperate with the agencies regarding their investigations of other parties, the monitorship, and the costs of implementing the changes, if any, to our policies and procedures required by the monitor. However, such costs could be significant.

Furthermore, the DOJ has initiated two asset forfeiture proceedings alleging that various funds located in various jurisdictions were amassed in violation of U.S. law. The relevant complaints include allegations regarding conduct by multiple companies related to the telecommunications sector in Uzbekistan, including VimpelCom, Unitel and Takilant. However, VimpelCom and Unitel are not defendants in these actions, and VimpelCom and Unitel do not possess or otherwise have any claims against the assets involved in the litigation. The allegations involving VimpelCom and Unitel are the same facts covered by the agreements by VimpelCom and Unitel with the DOJ, SEC and OM. Specifically, on June 29, 2015, the DOJ filed a civil complaint in the Southern District Court of New York, seeking the forfeiture of US$300 of property located in Belgium, Ireland and Luxembourg that it claims was derived in violation of U.S. law. On July 10, 2015, a federal judge signed warrant orders allowing the DOJ to proceed with forfeiture actions as described in the complaint. In that case, on January 11, 2016, the Southern District Court of New York entered a partial default judgment against all potential claimants to the subject property other than the Republic of Uzbekistan. On February 18, 2016, the DOJ filed a second civil complaint, seeking forfeiture of US$550 held in Swiss bank accounts, which it claims was similarly derived in violation of U.S. law. On February 23, 2016, a federal judge signed a warrant order in that case, allowing it to move forward.

25 Related parties

As of December 31, 2015, the Company is primarily owned by two major shareholders: LetterOne and Telenor. The Company has no ultimate controlling shareholder.

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 periods:

	December 31, 2015	December 31, 2014
Revenue from LetterOne	2	—
Revenue from Telenor	51	50
Revenue from associates and joint ventures	6	11
Revenue from discontinued operations (Note 6)	60	40
Revenue from other related parties	6	10
Finance income from related parties	1	2
	126	**113**
Services from LetterOne	8	3
Services from Telenor	44	57
Services from associates and joint ventures	20	37
Services from discontinued operations (Note 6)	5	3
Services from other related parties	5	10
Finance costs to discontinued operations (Note 6)	—	44
Finance costs to other related parties	1	1
	83	**155**

	December 31, 2015	December 31, 2014
Accounts receivable from Telenor	10	11
Accounts receivable from associates and joint ventures	8	9
Accounts receivable from discontinued operations (Note 6)	84	—
Advances paid to associates and joint ventures	—	17
Accounts receivable from other related parties	1	1
	103	**38**
Accounts payable to Telenor	8	13
Accounts payable to associates and joint ventures	2	20
Accounts payable to discontinued operations (Note 6)	146	—
Accounts payable to other related parties	—	1
	156	**34**

Major Shareholders

The following table sets forth information with respect to the beneficial ownership of VimpelCom as of December 31, 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 December 31, 2015, we had 1,756,731,135 issued common shares and 305,000,000 issued convertible preferred shares (Note 22). 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
L1T VIP Holdings S.à r.l	986,572,563	56.2%	—	47.9%
Telenor East Holding II AS	580,578,840	33.0%	305,000,000	43.0%

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 for the services.

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 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. The General Services Agreement and Consultancy Deed were originally entered into by VimpelCom and Altimo Management Services Ltd., but the latter was replaced first by LetterOne Corporate Advisor Limited pursuant to a Deed of Assignment and Novation dated June 3, 2014, and later by LIHS Corporate Advisor Limited pursuant to a Deed of Novation and Amendment dated January 14, 2016.

Related Party Transactions with Joint Ventures and Associates

Euroset

PJSC VimpelCom has commercial contracts with Euroset, which became an associate in October 2008. In 2015 PJSC VimpelCom recognized US$5 of revenue from Euroset primarily for mobile and fixed line services and from the sale of equipment and accessories. PJSC VimpelCom accrued to Euroset certain expenses totaling US$20 in 2015, primarily dealer commissions and bonuses for services for acquisition of new customers, customer care and receipt of customers’ payments.

Balances and transactions from discontinued operations (Note 6)

Following the reclassification of the operations in Italy as an asset held for sale and discontinued operation, the intercompany positions between the continued and discontinued portions of the Group were no longer eliminated. Consequently, the outstanding balances and transactions occurred are treated as Related Party mainly representing regular business activities, i.e. roaming and interconnect.

Prior to classification as held for sale and discontinued operations, on February 27, 2015, the Company’s fully owned subsidiary in Italy, WIND Telecomunicazioni S.p.A. (“WIND Italy”), entered into a definitive

agreement for the sale of 90% of the shares of WIND Italy's fully owned subsidiary Galata S.p.A. to Abertis Telecom Terrestre SAU. Following the closing of this transaction in March 2015, Galata S.p.A. is treated in Italy as an Investment in Associate, and therefore it continues to be presented as a Related Party transactions in the Company's IFRS consolidated financial statements.

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 following table sets forth the total compensation paid to key management personnel:

	2015	2014	2013
Short-term employee benefits	36	26	27
Long-term employee benefits	27	19	12
Share-based payment transactions	3	2	11
Termination benefits	2	1	1
Total compensation paid to key management personnel	**68**	**48**	**51**

Each of our unaffiliated directors currently receives an annual retainer of EUR 150,000 (approximately US$163 thousand). Each affiliated director receives an annual retainer of EUR 40,000 (approximately US$43 thousand), and our current chairman of the Supervisory Board receives an additional annual retainer of EUR 4,000 (approximately US$4 thousand). In addition, each unaffiliated director who serves on any official committees of our Supervisory Board receives additional annual compensation of EUR 30,000 (approximately US$33 thousand) per committee (for serving as the head of any such committee) or EUR 25,000 (approximately US$27 thousand) committee (for serving as a 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. As of December 31, 2015, an aggregate of 280,000 phantom ADSs were outstanding, all of which were exercisable as of such date. No phantom ADSs were granted or exercised in 2015.

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 ("**SARs**"), plan discussed below. In 2015, 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 ("**EIP**") in which certain members of our senior management may participate, and in August 2012, we adopted the VimpelCom Ltd. Director Investment Plan ("**DIP**") in which members of our Supervisory Board may participate. Under the EIP and DIP, participants were invited to personally invest in our common shares. At the time of their investment, participants were 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 is 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 respective plan's documents, as well as the terms of such 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.

With respect to the 2013 participations under the EIP and DIP the relevant performance conditions were not met at the vesting date at the end of the performance period in (or, for certain members of senior management whose employment terminated in 2015 before the end of the two-year period, at the last date of employment). Accordingly, the matching options awarded in 2013 did not vest and were not exercised in 2015.

In 2014 the last offers under the EIP were made, and no offers were made under the DIP. The 2014 EIP awards are scheduled to vest in 2016, if the relevant performance conditions are met. After the 2014 EIP awards were made, the EIP and DIP were discontinued.

Stock Option Plans

On April, 21 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, 2015, options to acquire approximately 280,000 of our common shares were outstanding based on 2010 Stock Option Plan, all of which were exercisable as of such date. In addition, 575,480 options were exercised and 639,697 options lapsed or were cancelled in 2015, for example in connection with the termination of employment. The exercise prices of the options outstanding as of December 31, 2015, ranged from US$15.15 per share to US$10.42 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 2010 Stock Option Plans occurs. The options outstanding as of December 31, 2015 are exercisable from dates ranging from the present date to December 31, 2017. 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) December 31, 2017. 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 SARs 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 December 31, 2012) could be retained. As of December 31, 2015, 308,333 SARs remained outstanding, all of which were exercisable as of such date.

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 January 1, 2013 up to and including 2015. All unvested tranches lapse if the employment is terminated before the end of the performance period.

In 2015, approximately EUR 3.6 million (approximately US$4) was banked/paid in relation to amounts vested under the 2014 tranche. The total of target bonus amounts for the 2015 tranches was US$ nil, as the 2013-2015 Cash Based Long Term Incentive Plan was discontinued from January 1, 2015 and replaced by the Value Growth Cash Based Long Term Incentive Plan discussed below.

2014-2016 and 2015 – 2017 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 2014-2016 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 and a half year performance period (January 1, 2014 to June 30, 2017 for the first awards. 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, and in the third quarter of 2018 for the second award). 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 December 31, 2015, the total target amount (all unvested) granted under the 2014 and 2015 awards of the 2014-2016 Cash Based Long Term Incentive Plan was approximately US$22.

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 (the "Director LTI Plan"). Under the Director LTI Plan, awards are granted annually, covering a three year performance period (January 1, 2014 to December 31, 2016 for the first awards, with an additional performance measurement over the first six months of 2017 and, January 1, 2015 to June 30, 2018 for the second awards). 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 tranches of the 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.

As of December 31, 2015, the total amount granted under the 2014 and 2015 awards of the Director LTI Plan was approximately EUR 0.9 million (approximately US$1).

26 Risks, commitments, contingencies and uncertainties

Risks

Currency control risks

The imposition of currency exchange controls or other similar restrictions on currency convertibility in the countries in which VimpelCom operates, including Ukraine, Algeria, Bangladesh and 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 53% and 21% 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.

Change in law and compliance 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 in which VimpelCom operates is unpredictable and gives rise to significant uncertainties, which could complicate our tax planning and business decisions. Tax laws in many of the emerging markets in which we operate have been in force for a relatively short period of time as compared to tax laws in more developed market economies. Tax authorities in our 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, Controlled Foreign Operation ("**CFC**") legislation and more strict tax residency rules).

Management believes that VimpelCom 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.

Licenses' risks

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. Such regulatory actions could adversely impact our ability to carry out divestitures in the relevant jurisdictions.

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, cash flows and prospects.

Certain debt covenants

On October 5, 2015, Telenor announced that it will not convert its 305,000,000 VimpelCom voting preferred shares into VimpelCom common shares. If the preferred shares owned by Telenor are not converted by April 15, 2016, pursuant to the terms of VimpelCom's bye-laws, the preferred shares will be immediately redeemed by VimpelCom at a redemption price of US$0.001 per share and will cease to be outstanding, with the effect of potentially increasing the percentage of voting shares held by other shareholders and decreasing Telenor's percentage of voting shares. Some of our debt agreements (representing US$1,415 in outstanding indebtedness) have "change of control" provisions that may require us to make a prepayment if a person or group of persons (with limited exclusions) acquire beneficial or legal ownership of or control over more than 50.0% of our share capital. If such a change of control provision is triggered and the Company fails to agree with lenders on the necessary amendments to the loan documentation, it could lead to these obligations becoming immediately due and payable, and having them presented as current liabilities in the statement of financial position.

Commitments

Capital commitments for the future purchase of equipment and intangible assets are as follows:

	2015	2014*	2013*
Less than 1 year	182	73	212
Between 1 and 3 years	26	—	3
Total	**208**	**73**	**215**

* Excluding capital commitments of the Group's operations in Italy as of December 31, 2014 and 2013 of US$603 and US$685, respectively.

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, PJSC 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 must be extended to a specific number of additional regions each year through to December 1, 2019 by when services must cover all of Russia. PJSC VimpelCom is required to comply with the following conditions among others under the terms of the license: (i) invest at least RUB 15 billion (approximately US$206) in each calendar year, for which the Company continues to comply with to date in the construction of its federal LTE network until the network is completed, which must occur before December 1, 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 July 25, 2016.

Apple

On October 4, 2013, PJSC VimpelCom and Apple RUS ("**Apple**") signed an agreement regarding VimpelCom's purchase of iPhones from Apple. Under the agreement, a specified number of iPhones handsets are

to be ordered by PJSC VimpelCom each quarter between October 4, 2013 and June 30, 2016 according to a schedule. Pursuant to the agreement, PJSC VimpelCom must acquire a minimum of 600,000 iPhone handsets during the period of the agreement. If PJSC VimpelCom does not comply with the schedule and certain other terms of the agreement, then according to the agreement, PJSC 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:

	2015	2014	2013
Less than 1 year	60	209	297
Between 1 and 5 years	153	365	478
More than 5 years	66	200	315
Total	**279**	**774**	**1,090**

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

VimpelCom—Securities Class Action

On November 4, 2015, a class action lawsuit was filed in the United States against VimpelCom and certain of its current and former officers by Charles Kux-Kardos, on behalf of himself and other investors in the Company alleging certain violations of the United States federal securities laws in connection with the Company's public disclosures relating to its operations in Uzbekistan. On December 4, 2015, a second complaint was filed by Westway Alliance Corp. that asserts essentially the same claims in connection with essentially the same disclosures.

The appointment of lead plaintiff has not been determined yet by the Court and, consequently, the operative, consolidated amended complaint is not yet on file.

The Company is currently reviewing the lawsuits and their implications, which remain in their early stages, and intends to vigorously defend against these claims.

GTH—Iraqna Litigation

On November 19, 2012, Atheer Telecom Iraq Limited ("**Atheer**", an affiliate of the Zain Group) initiated English High Court proceedings in London against Orascom Telecom Iraq Ltd. ("**OTIL**") (a Maltese subsidiary of GTH) and 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 ("**Iraqna 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 (US$198), which Atheer claims is in respect of the transaction that formed the subject-matter of the Iraqna SPA; (ii) an income tax liability in the sum of approximately IQD 96 billion (US$87) in respect of the years 2004-2007; and (iii) a withholding tax liability in the sum of approximately IQD 7 billion (US$6). OTIL and GTH dispute these claims and are vigorously defending them.

The dispute was listed for trial on July 20, 2015. As a result of delays by Atheer in providing disclosure, occasioning the parties to amend their respective statements of case, the trial has now been adjourned to the week commencing November 14, 2016. Atheer's amendments included withdrawing its claim for unjust enrichment in the amount of IQD 219 billion (US$198) and conceding that its contractual claims are capped at a total possible recovery of US$60.

GTH—Licence Fees Tax Litigation

The Egyptian Tax Authority ("**ETA**") conducted a review of GTH's tax filings for the years 2000-2004. Following the review, in May 2010, the Internal Committee of the ETA assessed additional tax liabilities in the amount of approximately EGP 2 billion (US$256) against GTH for these years. The basis for the assessment was that, according to the ETA, GTH's investments in Algeria, Syria, Iraq, Tunisia and Sub-Saharan Africa during these years were actually license fees paid to foreign governments for which Egyptian withholding tax was due according to Egyptian tax laws.

GTH challenged the Internal Committee's ETA's assessment before the Appellate Committee of the ETA. On May 14, 2012, the Appellate Committee cancelled the Internal Committee's assessment of EGP 2 billion (US$256) in part and reduced the assessed amount to EGP 323 million (US$41).

GTH agreed to pay the assessed amount of EGP 323 million (US$41.3) in instalments on a without prejudice basis, which it has satisfied, and also appealed the Appellate Committee's decision to the North Cairo Court of First Instance. The ETA also challenged the Appellate Committee's decision and is seeking to reinstitute its original assessment of EGP 2 billion (US$256) plus late payment interest. The proceedings remain ongoing before the court.

Separately, on January 18, 2016, GTH, through its tax advisors, received a demand from the ETA claiming an amount of EGP 429 million (US$55) in late payment interest on the Appellate Committee's assessment of EGP 323 million (US$41). The demand threatened administrative seizure of GTH's assets in the event of non-payment. On February 17, 2016, GTH filed an appeal in the Administrative Court to challenge the demand and intends to vigorously defend itself.

GTH—Iraqi Profits and Dividends Tax Litigation

Tax year 2005

In March 2011, the ETA conducted an audit of GTH's tax filings for the year 2005. Following its review, the ETA concluded that income derived by OTIL from Iraqna ("**OTIL-Iraqna Income**") for that year should be included in GTH's tax return and taxed at 20%, and accordingly claimed additional corporate income tax of EGP 235 million (US$30).

GTH challenged the ETA's claim before the Internal Committee of the ETA arguing that the OTIL-Iraqna Income should be fully exempt from Egyptian corporate income tax pursuant to the Iraq-Egypt double taxation treaty.

On October 2, 2011, the Internal Committee ruled that the OTIL-Iraqna Income should be taxed at 20% in the amount of EGP 235 million (US$30) but that credit should be given for taxes paid by OTIL in Iraq. GTH's appeal to the Appellate Committee of the ETA was dismissed on August 1, 2015.

On November 11, 2015, GTH appealed the Appellate Committee's decision to the Administrative Court where proceedings are ongoing.

Separately, on January 18, 2016, GTH, through its tax advisors, received a demand from the ETA claiming an amount of EGP 235 million (US$30) assessed by the Appellate Committee together with late payment interest of EGP 258 million (US$33). The demand threatened administrative seizure of GTH's assets in the event of non-payment. On February 17, 2016, GTH filed an appeal in the Administrative Court to challenge the demand and intends to vigorously defend itself.

Tax year 2007

During the audit conducted by the ETA in 2011 in respect GTH's tax filings for the year 2007, the ETA concluded that GTH owed additional corporate income tax of EGP 282 million (US$36) in respect of dividends distributed by Iraqna to OTIL in 2007. After GTH disputed the claim on the basis of the Iraq-Egypt double taxation treaty, the ETA referred the dispute to the Internal Committee, who upheld the ETA's position.

GTH appealed the Internal Committee's decision to the Appeal Committee where proceedings are ongoing.

Wind Telecomunicazioni—Fastweb Litigation

On January 2, 2014, Fastweb filed a claim against Wind based on antitrust proceedings no. A/357 pursuant to which the Italian Antitrust Authority concluded in August 2007 that Wind and Telecom Italia had abused their dominant positions in the wholesale termination market in favor of their respective internal commercial divisions to the detriment of the competitors in the fixed market. Fastweb has claimed damages of approximately €138 million (US$150) from Wind for alleged losses suffered as a result of Wind's breach of competition law.

Wind is challenging the claim before the Civil Court of Rome on substantive and procedural grounds, which remain ongoing and will be defended vigorously.

KaR-Tel—Turkish Savings Deposit Insurance Fund Litigation

In 2005, the Savings Deposit Insurance Fund (the "**SDIF**"), a Turkish state agency responsible for collecting state claims arising from bank insolvencies, issued a Payment Order (the "**Payment Order**") against KaR-Tel for TRY 7.55 billion (approximately US$2,588). The Payment Order was based on the SDIF'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 June 6, 2003, which was confirmed by the Kazakhstan Supreme Court on July 23, 2003 (the "**Kazakh Judgment**").

On October 20, 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 January 30, 2013, the Supreme Court upheld earlier court decisions and confirmed the recognition of the Kazakh Judgment in Turkey.

On October 20, 2009, KaR-Tel also filed with the 4th Administrative Court of Istanbul (the "**4th Administrative Court**") 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 Payment Order. On October 25, 2010, the 4th Administrative Court ruled that the Payment Order was illegal and annulled it. The Court's decision was appealed by the SDIF.

On March 22, 2012, the SDIF'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 (the "**Chamber**") for review on the merits.

On April 10, 2015, the Chamber upheld the decision of the 4th Administrative Court and ruled in KaR-Tel's favor. The SDIF filed a claim for correction of the Chamber's decision on June 8, 2015.

KaR-Tel maintains that the SDIF's claim is without merit and intends to pursue its rights vigorously.

Collateral

VimpelCom Amsterdam B.V. has pledged cash and cash equivalents as per December 31, 2015 for US$ nil (2014: US$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 December 31, 2015 for US$20 (2014: US$20) with ANZ Bank as security for the loan provided by the same bank to VimpelCom Lao Ltd. The loan from ANZ Bank was repaid on January 29, 2016 and the related deposit was released as well. Global Telecom Holding S.A.E has a deposit outstanding as per December 31, 2015 for US$67 (2014:US$0) with HSBC Bank to guarantee financing in Omnium Telecom Algeria S.p.A for a total amount of DZD 5.0 billion (approximately US$47 as of December 31, 2015).

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.

Uncertainties

Political risk in Russia and Ukraine

The current situation in Russia and Ukraine, and the related responses of the United States, member states of the European Union, the European Union itself and certain other nations, have the potential to materially adversely affect our business in Russia and Ukraine where we have significant operations, which in turn could materially harm our financial condition, results of operations, cash flows and prospects.

In connection with the situation in Russia and Ukraine, the United States, the European Union and a number of countries have imposed (i) sanctions that block the property of certain designated businesses, organizations and individuals, (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. The U.S. and EU sanctions (including the sectoral sanctions) apply to entities owned and/or controlled by sanctions designated entities and individuals and, accordingly, may extend beyond Russia and Ukraine. In addition, the United States and the European Union have implemented certain export control restrictions related to Russia’s energy sector and military capabilities. Ukraine has also enacted sanctions with respect to certain Russian entities and individuals. Russia has responded with countermeasures to such international and Ukrainian restrictions and sanctions, currently including limiting the import of certain goods from the United States, the European Union, Ukraine and other countries, imposing visa bans on certain persons, and imposing restrictions on the ability of Russian companies to comply with sanctions imposed by other countries. Russia recently announced sanctions against Turkey in response to an incident involving Russian and Turkish military aircraft in November 2015, including imposing a ban on Russian companies hiring Turkish workers and the imposition of visa requirements, as of January 1, 2016. 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, Ukraine, Russia, and/or other countries, could materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

Ukraine has assigned a “temporary occupied territories” status to Crimea and an “anti-terrorist operation zone” status to certain Eastern Ukraine regions which are currently not under the Ukrainian government’s control, and has imposed certain restrictions and prohibitions on trade in goods and services in such territories. Kyivstar shut down its network in Crimea in 2014 as well as its network in certain parts of Eastern Ukraine in

2015 and, in each case, has written off the relevant assets. Under terms of its telecommunications licenses, Kyivstar is obliged to provide services throughout Ukraine. Kyivstar has notified the regulatory authorities that Kyivstar has stopped providing services in these areas and has requested clarification from such authorities regarding telecommunications operations in such areas. Since September 2014, legislation has been in effect in Ukraine that authorizes the cancellation of telecommunications licenses for sanctioned parties. There can be no assurance that the escalation of the current situation will not lead to the cancellation or suspension of, or other actions under, certain or all of our Ukrainian telecommunications licenses, or other sanctions, which could have a material adverse effect on our business in Ukraine, which in turn could harm our business, financial condition, results of operations, cash flows and prospects.

The situation in Crimea and Eastern Ukraine has resulted, and may in the future result, in damage or loss of assets, disruption of services, and regulatory issues which has, and may in the future, adversely impact our group. In addition, if there were an extended continuation or further increase in conflict in Crimea, Eastern 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 and/or in the global capital markets generally, which could adversely impact our group. Moreover, the instability in Crimea and Eastern Ukraine specifically, and in the region more generally, economic sanctions and related measures, and other geopolitical developments (including with respect to the current conflict and international interventions in Syria) could harm our business, financial condition, results of operations, cash flows and prospects. In particular, we could be materially adversely impacted by a continued decline of the Russian ruble against the U.S. dollar or the Euro and the general economic performance of Russia.

Other contingencies and uncertainties

In addition to the individual matters mentioned above, the Company is involved in other disputes, litigation and regulatory inquiries and investigations, both pending and threatened, in the ordinary course of its business. The total value of all other individual contingencies above US$5 amounts to approximately US$110. The Company does not expect any liability arising from these contingencies to have a material effect on the results of operations, liquidity, capital resources or financial position of the Company. Furthermore, the Company believes it has provided for all probable liabilities arising in the ordinary course of its business.

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.

27 Events after the reporting period

Amended revolving credit facility with Citibank Europe plc, UK Branch

On February 26, 2016, we sent an amendment request letter for the revolving credit facility for US$1.8 billion to Citibank Europe plc, UK Branch, acting as agent for the facility, requesting certain changes to the change of control provisions in the facility. This amendment was agreed to by the requisite majority of the lenders and was executed by Citibank Europe plc, UK Branch, as agent, in accordance with the terms of the facility. The amendment is now fully effective, having amended the revolving credit facility as stated therein.

Facility agreement with ING Bank N.V.

On January 29, 2016, VimpelCom Amsterdam B.V. signed a committed facility agreement with ING Bank N.V. for a U.S. dollar denominated Swedish export credit facility supported by Exportkreditnämnden (EKN), for a total principal amount of US$200. On March 7, 2016, the total principal amount available under the facility was partially cancelled in an amount of US$110. 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 6m LIBOR plus 1.08% per annum. The facility must be repaid in substantially equal semi-annual installments, with the final repayment on October 15, 2023. VimpelCom Holdings B.V. has guaranteed VimpelCom Amsterdam B.V.'s payment obligations under this facility.

Volatility of local currencies

Since December 31, 2015, several currencies demonstrated significant volatility against the U.S. dollar. In particular, between December 31, 2015 and March 28, 2016, the Ukrainian hryvnia depreciated against the U.S. dollar by 9% and the Kyrgyz som, Georgian lari and Euro appreciated against the U.S. dollar by 7%, 3% and 3%, respectively. The maximum depreciation of the Russian ruble against the U.S. dollar during this period has been 15%, but on March 28, 2016, the Russian ruble appreciated against the U.S. dollar by 6%.

28 Condensed separate financial information of VimpelCom Ltd.

Certain of the consolidated entities by VimpelCom Ltd are restricted from remitting funds in the form of cash dividends or loans by a variety of regulations, contractual or local statutory requirements. These restrictions are related to standard requirements to maintain debt service coverage ratios and currency control regulations imposed by local governments in some countries where the Company operates.

The Company performed a test on the restricted net assets of consolidated subsidiaries in accordance with Securities and Exchange Commission Regulation S-X Rule 4- 08 (e) (3) "General Notes to Financial Statements" and Rule 5-04 (c) "What schedules are to be filed" and concluded the restricted net assets exceed 25% of the consolidated net assets of the Company as of December 31, 2015. Therefore, separate condensed financial statements of VimpelCom Ltd. are presented.

The Company follows the accounting policies as described in Note 2 to the consolidated financial statements of VimpelCom Ltd. and its subsidiaries with the exception of its investments in subsidiaries for which the Company uses the equity method of accounting.

The separate financial statements should be read in conjunction with the Company's consolidated financial statements and the accompanying notes thereto.

At December 31, 2015, VimpelCom Ltd. had restricted net assets of approximately US$2,731, or 71% of total net assets.

Condensed statement of financial position:
as of December 31, 2015 and 2014

	2015	2014
Non-current assets		
Property and equipment	16	9
Intangible assets	6	7
Investments	5,270	5,575
Total non-current assets	**5,292**	**5,591**
Total current assets	**171**	**116**
Total assets	***5,463***	***5,707***
Equity	3,765	5,006
Non-current liabilities	**561**	**561**
Current liabilities	**1,137**	**140**
Total equity and liabilities	***5,463***	***5,707***

Condensed income statements:
for the years ended December 31, 2015, 2014 and 2013

	2015	2014	2013
Selling, general and administrative expenses	(1,251)	(213)	(136)
Depreciation and amortization	(5)	(4)	(2)
Total operating expenses	**(1,256)**	**(217)**	**(138)**
Finance income and costs	8	5	(2)
Other non-operating income	18	2	44
Share in result of subsidiaries after tax	575	(437)	(2,529)
Total non-operating income and expenses	**601**	**(430)**	**(2,487)**
Loss for the year	**(655)**	**(647)**	**(2,625)**

Condensed statements of comprehensive income:
for the years ended December 31, 2015, 2014 and 2013

	2015	2014	2013
Total comprehensive loss for the year, net of tax	**(1,727)**	**(4,633)**	**(3,156)**

Condensed statement of cash flows:
for the years ended December 31, 2015, 2014 and 2013

	2015	2014	2013
Net cash flows from operating activities	**(266)**	**(149)**	**(108)**
Investing activities			
Purchase of property, plant and equipment and intangible assets	(11)	(7)	(7)
Receipt of dividends	0	75	1,949
Repayments of share premiums	309	134	0
Net cash flows used in investing activities	**298**	**202**	**1,942**
Financing activities			
Proceeds from borrowings net of fees paid	87	23	0
Repayment of borrowings	(37)	(10)	(160)
Dividends paid to equity owners of the parent	(61)	(71)	(4,072)
Share capital issued and paid	0	0	1,393
Net cash flows generated from/(used in) financing activities	**(11)**	**(58)**	**-2,839**
Net increase (decrease) in cash and cash equivalents	21	(5)	(1,005)
Net foreign exchange difference	1	(1)	0
Cash and cash equivalents at beginning of period	17	23	1,028
Cash and cash equivalents at end of period	**39**	**17**	**23**

Amsterdam, March 31, 2016

VimpelCom Ltd.

Exhibit 4.4

SPECIFIC TERMS IN THIS EXHIBIT HAVE BEEN REDACTED BECAUSE CONFIDENTIAL TREATMENT FOR THOSE TERMS HAS BEEN REQUESTED. THE REDACTED MATERIAL HAS BEEN SEPARATELY FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION, AND THE TERMS HAVE BEEN MARKED AT THE APPROPRIATE PLACE WITH AN ASTERISK [*].

CONTRIBUTION AND FRAMEWORK AGREEMENT

6 AUGUST 2015

By and Between

VIMPELCOM AMSTERDAM B.V.

and

VIMPELCOM LTD.

and

HUTCHISON EUROPE TELECOMMUNICATIONS S.à R.L.

and

CK HUTCHISON HOLDINGS LIMITED

and

HUTCHISON 3G ITALY INVESTMENTS S.à R.L.

ALLEN & OVERY

Allen & Overy LLP

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8. Plan of Reorganisation Key Terms

THIS AGREEMENT is made on 6 August 2015

BETWEEN:

(1) **VIMPELCOM AMSTERDAM B.V.,** a private limited liability company (*besloten vennootschap*) incorporated under the laws of the Netherlands having its corporate seat in Amsterdam, the Netherlands whose registered office is at Claude Debussylaan 88, Amsterdam 1082 MD, the Netherlands and registered with the Dutch Chamber of Commerce under number 34378904 (**VIP**);

(2) **VIMPELCOM LTD.,** an exempted company limited by shares incorporated under the laws of Bermuda having its registered office at Victoria Place, 31 Victoria Street, Hamilton HM10, Bermuda registered with the Registrar of Companies in Bermuda under number 43271 and having its principal executive offices at Claude Debussylaan 88, 1082 MD, Amsterdam, the Netherlands (**VIP Guarantor**);

(3) **HUTCHISON EUROPE TELECOMMUNICATIONS S.À R.L.,** a *sociètè à responsabilitèe limitèe* incorporated under the laws of the Grand Duchy of Luxembourg, with a share capital of EUR 6,573,135,875, having its registered office at 7, rue du Marché-aux-Herbes, L-1728 Luxembourg, Grand Duchy of Luxembourg registered with the Luxembourg trade companies under number B74649 (**HET**, and together with VIP, the **Shareholders**);

(4) **CK HUTCHISON HOLDINGS LIMITED**, an exempted company incorporated under the laws of the Cayman Islands whose principal place of business is 12th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong registered with the Registrar of Companies in the Cayman Islands under number MC-294571 (**HET Guarantor**); and

(5) **HUTCHISON 3G ITALY INVESTMENTS S.À R.L.**, a *société à responsabilitée limitée* incorporated under the laws of the Grand Duchy of Luxembourg, with a share capital of EUR 2,758,939,525, having its registered office at 7, rue du Marché-aux-Herbes, L-1728 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade companies register under number B77457 (**H3G II**),

(each of the above together with such persons as become bound to the terms of this agreement pursuant to a Deed of Adherence from time to time being the **Parties** (and **Party** shall be construed accordingly)).

WHEREAS:

(A) VIP currently owns and operates the Wind Group in Italy.

(B) HET currently owns and operates the 3 Italia Group in Italy.

(C) The Shareholders have agreed to establish a joint venture under which they will jointly own and operate the Wind Group and the 3 Italia Group on the terms and subject to the conditions set out in this agreement.

(D) The creation of the joint venture consisting of the Wind Group and the 3 Italia Group shall be effected by taking the steps set out in this agreement and is conditional upon, amongst other things, competition and regulatory approvals on terms satisfactory to each of the Shareholders.

(E) The HET Guarantor is the ultimate holding company of HET and is willing to guarantee the obligations of HET under this agreement.

(F) The VIP Guarantor is the ultimate holding company of VIP and is willing to guarantee the obligations of VIP under this agreement.

IT IS HEREBY AGREED as follows:

1. **INTERPRETATION**

1.1 The definitions and other provisions in Schedule 13 apply throughout this agreement.

1.2 In this agreement, unless the contrary intention appears, a reference to a clause, subclause, paragraph or schedule is a reference to a clause, subclause, paragraph or schedule to this agreement. The schedules form part of this agreement.

1.3 The headings in this agreement do not affect its interpretation.

2. **INCORPORATION OF FINCO**

As soon as practicable following the Unconditional Date (or such earlier time as the Shareholders may agree), the Shareholders undertake to procure jointly that:

(a) a new private limited company is incorporated in Ireland (FinCo) by HET and VIP LuxCo with each of VIP LuxCo and HET holding 50 per cent. of its issued share capital and having such memorandum and articles of association (or equivalent) as VIP and HET shall have agreed in good faith prior to its incorporation and as are consistent with the FinCo Shareholders' Deed; and

(b) following its incorporation, FinCo adheres to this agreement by delivering a duly executed Deed of Adherence.

3. **SALE OF EXISTING HET LOAN**

Subject to the terms and conditions of this agreement, at Completion HET shall assign its rights, title, interest and benefits in and to 50% of the principal amount of the Existing HET Loan to VIP LuxCo in consideration for the grant to HET by VIP LuxCo of the VIP LuxCo Receivable and shall procure, and take any and all action necessary to ensure, that VIP LuxCo grants such VIP LuxCo Receivable at Completion (the **Existing HET Loan Sale**).

4. **HET CONTRIBUTION**

Subject to the terms and conditions of this agreement, at Completion, HET shall immediately following the Existing HET Loan Sale, contribute by way of assignment the VIP LuxCo Receivable to H3G II as a capital contribution without the issuance of shares (the **HET Contribution**).

5. **VIP LUXCO CONTRIBUTION**

5.1 Subject to the terms and conditions of this agreement, at Completion and immediately following the HET Contribution, VIP shall procure, and take any and all action necessary to ensure, that VIP LuxCo shall:

(a) transfer to H3G II its entire interest in the WAHF Shares free from any Encumbrance; and

(b) transfer to H3G II the sum of EUR 25,000,

(steps (a) and (b) together being the **VIP LuxCo Contribution**), contemporaneously and in consideration for the WAHF Consideration.

5.2 Contemporaneously with and in consideration for the VIP LuxCo Contribution, HET shall procure, and take any and all action necessary to ensure, that H3G II:

(a) issues to VIP LuxCo a number of H3G II Shares equal to the number of H3G II Shares held by HET at Completion (the **HET H3G II Shares**) to be credited as fully paid; and

(b) grants to VIP LuxCo a new interest-free on demand receivable in a principal amount equal to the VIP LuxCo Receivable documented by way of a promissory note (the **H3G II Receivable**),

(steps (a) and (b) together being the **WAHF Consideration**).

5.3 Immediately following the VIP LuxCo Contribution, VIP and HET shall procure that the H3G II Receivable is set off against the VIP LuxCo Receivable such that each of the H3G II Receivable and VIP LuxCo Receivable are extinguished as fully and completely repaid (the **Extinguishment of Receivables**).

6. SECONDARY CONTRIBUTION

6.1 Subject to the terms and conditions of this agreement, at Completion and immediately following the Extinguishment of Receivables:

(a) HET shall novate all its rights, title, interest and benefits in and to the Existing HET Loan to FinCo (the **HET Secondary Contribution**); and

(b) VIP shall procure, and take any and all action necessary to ensure, that VIP LuxCo shall novate all its rights, title, interest and benefits in and to the Existing HET Loan to FinCo (the **VIP LuxCo Secondary Contribution**),

each of (a) and (b) above occurring simultaneously with each other and with the FinCo Share Issue and in consideration for the FinCo Share Issue pursuant to clause 6.2(a).

6.2 Subject to the terms and conditions of this agreement, at Completion and simultaneously with the steps set out in clause 6.1, each Shareholder undertakes, and in respect of (b) below, FinCo undertakes, to:

(a) procure that FinCo issues an equal number of new shares (of equal value) to each of HET and VIP LuxCo with aggregate nominal value and share premium, if any, credited as fully paid equal to the face value of the Existing HET Loan (the **FinCo Share Issue**), in consideration for the HET Secondary Contribution and VIP LuxCo Secondary Contribution pursuant to clause 6.1; and

(b) enter into, or in respect of VIP, procure, and take any and all action necessary to ensure, that VIP LuxCo enters into, the FinCo Shareholders' Deed.

7. NET CASH AND WORKING CAPITAL ADJUSTMENTS

Agreed Contributions

7.1 The Shareholders have agreed that their respective valuations of the 3 Italia Group and the Core Wind Group are on the basis of the following assumptions:

(a) The 3 Italia Final Net Cash will not be less than the 3 Italia Target Net Cash.

(b) The Wind Final Net Cash will not be less than the Wind Target Net Cash.

(c) The 3 Italia Final Working Capital will not be less than the 3 Italia Target Working Capital.

(d) The Wind Final Working Capital will not be less than the Wind Target Working Capital.

7.2 Prior to Completion and subject to compliance with Laws:

(a) HET undertakes to keep VIP reasonably informed of 3 Italia Group's Net Cash and the 3 Italia Group's Working Capital levels including (unless VIP agrees otherwise) providing VIP, at quarterly meetings or as otherwise agreed by the Shareholders, with complete and accurate updates (including in relation to Tax) within 15 Business Days of the end of each calendar quarter (30 September, 31 December, 31 March and 30 June) as to the 3 Italia Group's quarter-end Net Cash and the 3 Italia Group's quarter-end Working Capital levels in the format set out in Part 2 of Schedule 10 (a **3 Italia Quarterly Update**), providing reasonably prompt, accurate and complete responses to any questions VIP may reasonably ask in relation to any 3 Italia Quarterly Update and, reasonably promptly at the reasonable request of VIP, meet with VIP's representatives to discuss any 3 Italia Quarterly Update; and

(b) VIP undertakes to keep HET reasonably informed of the Core Wind Group's Net Cash and Core Wind Group's Working Capital levels including (unless HET agrees otherwise) providing HET, at quarterly meetings or as otherwise agreed by the Shareholders, with complete and accurate updates (including in relation to Tax) within 15 Business Days of the end of each calendar quarter (30 September, 31 December, 31 March and 30 June) as to the Core Wind Group's quarter-end Net Cash and to the Core Wind Group's quarter-end Working Capital levels in the format set out in Part 2 of Schedule 10 (a **Wind Quarterly Update**), providing reasonably prompt, accurate and complete responses to any questions HET may reasonably ask in relation to any Wind Quarterly Update and, reasonably promptly at the reasonable request of HET, meet with HET's representatives to discuss any Wind Quarterly Update.

Pre-Completion Adjustment

7.3 On the Business Day following the Unconditional Date:

(a) HET shall notify VIP with a reasonable good faith estimate in writing of the 3 Italia Estimated Net Cash and 3 Italia Estimated Working Capital (together, the **3 Italia Estimates**); and

(b) VIP shall notify HET with a reasonable good faith estimate in writing of the Wind Estimated Net Cash and Wind Estimated Working Capital (together, the **Wind Estimates**),

in each case:

(i) calculated in accordance with the provisions set out in Schedule 10; and

(ii) accompanied by reasonable supporting evidence for such estimates including a complete and accurate explanation of material movements between the last 3 Italia Quarterly Update or the Wind Quarterly Update (as applicable) and of any relevant Tax matters.

7.4 In respect of the 3 Italia Group, the following adjustments shall be made as at Completion:

(a) In relation to the 3 Italia Group's Net Cash, an adjustment shall only be made if the aggregate of the 3 Italia Estimated Net Cash plus the Estimated Excess Working Capital of the 3 Italia Group (if any) is less than the 3 Italia Target Net Cash, in which case the adjustment will be the amount by which the aggregate of the 3 Italia Estimated Net Cash plus the Estimated Excess Working Capital of the 3 Italia Group (if any) is less than the 3 Italia Target Net Cash (the **3 Italia Estimated Net Cash Shortfall**).

(b) In relation to the 3 Italia Group's Working Capital, an adjustment shall only be made if the aggregate of the 3 Italia Estimated Working Capital plus the Estimated Excess Cash of the 3 Italia Group (if any) is less than the 3 Italia Target Working Capital, in which case the adjustment will be the amount by which the aggregate of the 3 Italia Estimated Working Capital plus the Estimated Excess Cash of the 3 Italia Group (if any) is less than the 3 Italia Target Working Capital (the **3 Italia Estimated Working Capital Shortfall**).

(c) The **3 Italia Estimated Adjustment** will be calculated by adding any 3 Italia Estimated Net Cash Shortfall to any 3 Italia Estimated Working Capital Shortfall.

7.5 In respect of the Core Wind Group, the following adjustments shall be made as at Completion:

(a) In relation to the Core Wind Group's Net Cash, an adjustment shall only be made if the aggregate of the Wind Estimated Net Cash plus the Estimated Excess Working Capital of the Core Wind Group (if any) is less than the Wind Target Net Cash, in which case the adjustment will be the amount by which the aggregate of the Wind Estimated Net Cash plus the Estimated Excess Working Capital of the Core Wind Group (if any) is less than the Wind Target Net Cash (the **Wind Estimated Net Cash Shortfall**).

(b) In relation to the Core Wind Group's Working Capital, an adjustment shall only be made if the aggregate of the Wind Estimated Working Capital plus the Estimated Excess Cash of the Core Wind Group (if any) is less than the Wind Target Working Capital, in which case the adjustment will be the amount by which the aggregate of the Wind Estimated Working Capital plus the Estimated Excess Cash of the Core Wind Group (if any) is less than the Wind Target Working Capital (the **Wind Estimated Working Capital Shortfall**).

(c) The **Wind Estimated Adjustment** will be calculated by adding any Wind Estimated Net Cash Shortfall to the Wind Estimated Working Capital Shortfall.

7.6 At Completion:

(a) if the 3 Italia Estimated Adjustment is greater than the Wind Estimated Adjustment, HET shall pay to VIP (or such other member of the VIP Group as may be nominated by VIP) 50% of the difference as follows:

(i) in cash at Completion; or

(ii) if HET so elects: (A) the payment shall be left outstanding as an undertaking to pay VIP carrying interest from Completion (at a rate equal to the H3G II Cost of Capital and calculated on the basis of the actual number of days elapsed divided by 365 days), until such time as the amount due, together with accrued interest, is received in full by VIP (or such nominated member of the VIP Group); and (B) HET shall procure that H3G II or FinCo pay any amounts in respect of any dividends, distributions or other returns of value due from H3G II or FinCo to HET or any transferee of shares in H3G II or FinCo in accordance with the Shareholders' Deed directly to VIP (or such nominated member of the VIP Group) in discharge of such undertaking and interest to the extent of the payment received by VIP (or such nominated member of the VIP Group); or

(b) if the Wind Estimated Adjustment is greater than the 3 Italia Estimated Adjustment, VIP shall pay to HET (or such other member of the HET Group as may be nominated by HET) 50% of the difference as follows:

(i) in cash at Completion; or

(ii) if VIP so elects: (A) the payment shall be left outstanding as an undertaking to pay HET carrying interest from Completion (at a rate equal to the H3G II Cost of Capital and calculated on the basis of the actual number of days elapsed divided by 365 days), until such time as the amount due, together with accrued interest, is received in full by HET (or such nominated member of the HET Group); and (B) VIP shall procure that H3G II or FinCo pay any amounts in respect of any dividends, distributions or other returns of value due from H3G II or FinCo to VIP or VIP LuxCo or any transferee of shares in H3G II or FinCo in accordance with the Shareholders' Deed directly to HET (or such nominated member of the HET Group) in discharge of such undertaking and interest to the extent of the payment received by HET (or such nominated member of the HET Group).

Post-Completion Adjustment

7.7 The adjustments (if any) to be made after Completion to the 3 Italia Estimates and the Wind Estimates shall be calculated on the basis set out in Part 1 of Schedule 10.

8. ANTITRUST COVENANT

8.1 Each of the Shareholders shall endeavour to obtain the requisite approvals to satisfy the conditions precedent in clause 9.1 and shall, in this regard, provide each other reasonable and necessary cooperation. The following provisions of this clause 8 are without prejudice to the generality of the foregoing sentence. Subject to clause 8.8, each Shareholder undertakes that it will, and VIP undertakes to procure that VIP LuxCo will, in relation to satisfying the conditions precedent in clause 9.1:

(a) co-operate fully in the filing of all relevant filings relating to the transactions contemplated by this agreement in a form agreed by both Shareholders as soon as practicable after the date of this agreement;

(b) promptly notify the other Shareholder of any communication (whether written or oral) relating to the transactions contemplated by this agreement from the European Commission, the *Autoritá Garante della Concorrenza e del Mercato* (the **Italian Competition Authority**), the Presidency of the Council of Ministers in Italy, the Ministry of Economic Development, AGCOM or any other government, department or regulatory authority (but not including any Taxation Authority) (each a **Regulatory Authority**) including any communications from an official of a Regulatory Authority;

(c) not without the prior approval of the other Shareholder (which approval shall not be unreasonably withheld or delayed), communicate or meet with any Regulatory Authority in connection with, or make any filings or submissions relating to, the transactions contemplated by this agreement;

(d) not undertake any actions nor enter into and will procure that no member of their respective groups undertakes actions or enters into any other agreement or arrangement where the effect of any such actions, agreement or arrangement is likely to affect, delay, impede or in any respect prejudice the fulfilment of the conditions set out at clause 9.1;

(e) ensure that the other Shareholder is able to attend all meetings and telephone calls relating to the transactions contemplated by this agreement with any Regulatory Authority and give the other Shareholder all reasonable opportunity to participate fully thereat or thereon, as the case may be (save to the extent that a Regulatory Authority expressly requires that a Shareholder should not be present at the meeting or part or parts of the meeting); and

(f) provide the other Shareholder with drafts of all written communications relating to the transactions contemplated by this agreement intended to be sent to any Regulatory Authority, give the other Shareholder all reasonable opportunity to comment thereon, not send such communications without the prior approval of VIP (in the case of HET) or HET (in the case of VIP or VIP LuxCo), and provide the other Shareholder with final copies of all such communications,

save that in relation to all disclosure under this clause 8.1, business secrets and other confidential material may be redacted so long as the relevant Shareholder acts reasonably in identifying such material for redaction.

8.2 Without prejudice to clause 8.1(a), the Parties shall endeavour to submit to the European Commission: (a) for the purpose of pre-notification a first draft of a merger filing (**Form CO**) concerning the concentration contemplated hereby (the **Concentration**) not later than 25 September 2015 (provided that all the necessary information is then available to ensure that such first draft presents a full, fair and accurate description of the Concentration, the businesses of the merging parties, the effects of the Concentration on the applicable markets and competition in such markets, the reasons for the merger and the arguments of the parties in support of clearance of the Concentration) unless otherwise agreed in writing by the VIP Solicitors and the HET Solicitors (acting on the instructions of their respective clients); and (b) the formal notification concerning the Concentration as soon as is reasonably practicable.

8.3 Each Shareholder shall, and shall procure that its advisers shall, co-operate in providing the other Shareholder with such assistance as is reasonably necessary and which it is reasonably able to provide, and shall provide all Regulatory Authorities with such information as may reasonably be necessary and which it is reasonably able to provide, to ensure that:

(a) all relevant filings are made in accordance with clauses 8.1(a) and 8.2;

(b) any request for information relating to the transactions contemplated by this agreement from a Regulatory Authority is fulfilled promptly and in any event in accordance with any relevant time limit; and

(c) it provides copies of any proposed communication with Regulatory Authorities relating to the transactions contemplated by this agreement to the other Shareholder and that (acting reasonably) it takes due consideration of any comments that the other Shareholder may have in relation to such proposed communication,

save that in relation to all disclosure under this clause 8.3, business secrets and other confidential material may be redacted so long as the relevant Shareholder acts reasonably in identifying such material for redaction.

8.4 All filings with and submissions to any Regulatory Authority in connection with the conditions set out at clause 9.1 shall be made jointly by the Shareholders, except where the Shareholders agree otherwise or where required otherwise by the Regulatory Authority or by law.

8.5 Neither Shareholder will, and each Shareholder will procure that no member of the HET Group and VIP Group respectively will, make any request for the referral of the assessment of the Concentration from the European Commission to the Italian Competition Authority.

8.6 If it becomes reasonably apparent that the relevant Regulatory Authority or Regulatory Authorities referred to in clause 9.1(a) will only adopt a decision or make a declaration clearing the Concentration or transactions contemplated in this agreement subject to conditions, obligations, undertakings and/or modifications (each a **Commitment**), then, subject to the following sentence, the Shareholders shall discuss in good faith any Commitments to be offered by them in their

respective absolute discretion (a **Commitment Offer**). Neither Shareholder shall be obligated to agree, and completion of the transactions contemplated in this agreement will not occur unless both Shareholders have agreed to any Commitments with Regulatory Authorities required in order to satisfy the conditions precedent in clause 9.1 below.

8.7 Subject to satisfaction (or waiver (as applicable)) of the conditions at clause 9.1, where one or more of the declarations, decisions or clearances envisaged in clause 9.1 has been granted conditional only on the fulfilment of Commitments made under clause 8.6, each Shareholder undertakes to use its best endeavours to fulfil those Commitments within the period of time specified in the relevant declaration, decision or clearance.

8.8 Save where the Shareholders have agreed to do so pursuant to clause 8.6 but without prejudice to clause 23.1, nothing in this agreement shall require any Shareholder to offer or agree to any Commitment, condition, obligation, undertaking or modification in order to satisfy (or waive (as applicable)) the conditions set out at clause 9.1.

9. CONDITIONS PRECEDENT

9.1 The obligation of the Parties to effect Completion is conditional on the satisfaction (or waiver (as applicable)) of the conditions set out in paragraphs (a) to (d) (inclusive) below:

(a) in the case of merger control approval for the Concentration:

(i) the European Commission declaring that the Concentration is compatible with the internal market, either unconditionally or conditional only on the fulfilment of Commitments set out in a Commitment Offer that may be agreed under clause 8.6, pursuant to Article 6(1)(b), Article 6(2), Article 8(1) or Article 8(2) of the EU Merger Regulation; or

(ii) there has been a deemed approval in respect of the Concentration pursuant to Article 10(6) of the EU Merger Regulation; or

(iii) where the European Commission has referred the Concentration in whole or in part to the Italian Competition Authority under Article 9 of the EU Merger Regulation, the Italian Competition Authority (A) issuing a decision not to open an investigation under Article 16(4) of Italian Law number 287/1990 or (B) after initiating proceedings issuing a decision, either unconditionally or conditional only on the fulfilment of Commitments set out in a Commitment Offer that may be agreed under clause 8.6, under Article 16(8) of Italian Law number 287/1990, and if the European Commission has retained jurisdiction over any part of the Concentration, the European Commission declaring that such part of the Concentration is compatible with the internal market pursuant to Article 6(1)(b), Article 6(2), Article 8(1) or Article 8(2) of the EU Merger Regulation, in each case either unconditionally or conditional only on the fulfilment of Commitments set out in a Commitment Offer that may be agreed under clause 8.6; and

(b) insofar as approval being required in the context of the so-called “Golden Powers” under Italian law, the Presidency of the Council of Ministers or any other competent regulatory authority under Italian Law confirming in writing pursuant to Article 1 (Defence and National Security Golden Powers) and/or Article 2 (Communication, Energy and Transport Golden Powers), as applicable, of the Golden Powers Legislation, that it has approved and/or cleared all transactions contemplated hereby either unconditionally or conditional only on the fulfilment of Commitments set out in a Commitment Offer agreed under clause 8.6, or that the relevant deadlines for tacit consent “*silenzio-assenso*” of the Golden Powers Legislation have elapsed without any veto or consent having been communicated by the Presidency of the Council of Ministers or any other competent regulatory authority; and

(c) the Italian Ministry of Economic Development confirming in writing that it has authorised, either unconditionally or conditional only on the fulfilment of Commitments attached by the Ministry to its authorisation, the transfer of all individual rights to use radiofrequencies granted to each of Wind TS and H3G S.p.A. arising from the indirect change of control of Wind TS and H3G S.p.A. by virtue of the transactions contemplated in this agreement pursuant to Article 14 ter, paragraphs 5 and 6, of Legislative Decree No. 259 of 1 August 2003 (as amended from time to time, the Electronic Communications Code); and

(d) insofar as authorisations are required, AGCOM issuing decisions pursuant to Articles 4 and 3 (respectively) of the regulation attached to AGCOM Decision No. 368/14/CONS of 17 July 2014 (New regulation on proceedings concerning the authorization of the transfer of ownership of radio-television companies and on proceedings set forth by article 43 of the Radio and Audio-Visual Decree), that it has authorised (either unconditionally or conditional only on the fulfilment of Commitments attached by AGCOM to its authorisation):

(i) the transfer in ownership of H3G S.p.A., by means of a decision not to open an investigation into that concentration involving an entity within the Italian "*sistema integrato delle comunicazioni*" ("integrated communications system") pursuant to Article 43 of Legislative Decree no. 177 of 31 July 2005 (as amended from time to time, the Consolidated Text on Radio and Audio-Visual Means, hereinafter the Radio and Audio-Visual Decree); and

(ii) the transfer of ownership over (A) H3G S.p.A as the holder of a content provider licence; and (B) 3lettronica Industriale S.p.A. as the holder of a digital terrestrial television network operator licence, in each case pursuant to articles 16 and 15 (respectively) of the Radio and Audio-Visual Decree, having been authorised by AGCOM pursuant to Article 1, paragraph 6, letter c), no. 13 of Law No. 249 of 31 July 1997 (Creation of the Authority for telecommunications and radio-television services).

9.2 The conditions precedent set out in clauses 9.1(b), (c) and/or (d) may be waived (in whole or in part) by written agreement of the Shareholders. No conditions may be unilaterally waived by either Shareholder.

9.3 The Shareholders shall each notify the other promptly (but in any event within one Business Day of becoming aware) that any of the conditions set out in this clause 9 have been fulfilled. The first Business Day on or by which the conditions precedent set out in clause 9.1 have been fulfilled or waived (if applicable) (including the satisfaction of any Commitment required to be satisfied prior to Completion) is the **Unconditional Date**.

9.4 Subject to clause 23, upon satisfaction (or waiver (as applicable)) of the conditions in clause 9.1, Completion shall take place in accordance with clause 22.

10. ACCESS TO INFORMATION, COOPERATION AND COMMITMENT TO REMEDIATION

10.1 VIP shall procure that the Core Wind Group and HET shall procure that the 3 Italia Group, as applicable, following the date of this agreement will jointly and periodically review the risk management and compliance programs, systems procedures and policies currently in place within each of the Core Wind Group and the 3 Italia Group to ensure that they are compliant with applicable Anti-corruption Laws, Anti-money Laundering Laws and Economic Sanctions Laws, and to assess risk areas for non-compliance and how these are managed, and changes that should be made to ensure that from Completion adequate compliance measures are in place with respect to compliance by the Group Companies with such Laws.

10.2 If, in the period prior to Completion, VIP becomes aware of a bona fide actual or potential breach by any Wind Group Company of applicable Anti-corruption Laws, Anti-money Laundering Laws or Economic Sanctions Laws, VIP shall notify HET and shall promptly (a) investigate such matter and (b) remedy (to the extent reasonably capable of remedy) any actual breach to comply with any requirements of applicable Laws or relevant enforcement authorities in relation thereto.

10.3 If, in the period prior to Completion, HET becomes aware of a bona fide actual or potential breach by any 3 Italia Group Company of applicable Anti-corruption Laws, Anti-money Laundering Laws or Economic Sanctions Laws, HET shall notify VIP and shall promptly (a) investigate such matter and (b) remedy (to the extent reasonably capable of remedy) any actual breach to comply with any requirements of applicable Laws or relevant enforcement authorities in relation thereto.

11. VIP WARRANTIES

11.1 VIP warrants to HET on the date of this agreement that each of the VIP Warranties is true, accurate and not misleading.

11.2 VIP shall be deemed to warrant to HET at Completion that, by reference to the facts and circumstances then existing and as if references in the VIP Fundamental Warranties to the date of this agreement were references to the date of Completion, the VIP Fundamental Warranties are true, accurate and not misleading, save that in the case of the VIP Warranties at paragraphs 9 (*Filings and consents*) (other than paragraph 9.3), 10 (*Compliance with laws*) or 11 (*Fundamental Regulatory Licences*) of Schedule 4 that the same are true and accurate in all material respects and not misleading in any material respect.

11.3 HET Claims (but excluding any HET Claim that relates to the adjustments pursuant to clause 7 or Schedule 10) shall be subject to the limitations and other provisions expressly stated as applying to those claims set out in Schedule 5.

11.4 VIP acknowledges that HET is entering into this agreement in reliance on the warranties and undertakings on the part of VIP set out in this agreement.

11.5 HET acknowledges and agrees that the only VIP Warranty given in relation to Taxation or any related claims, liabilities or other matters (**VIP Tax Matters**) is the VIP Tax Warranty and no other VIP Warranty is given (whether directly or indirectly) in relation to VIP Tax Matters.

12. VIP INDEMNITIES

VIP undertakes to HET (without limiting any other rights of HET in any way including rights to damages for breach of any VIP Warranty or on any other basis) to indemnify HET on demand against all the Losses suffered by HET and (without double counting 50% of all the Losses suffered by the Group) arising as a result of or in connection with any of the following matters:

(a) any of the litigation cases between Wind TS and the counterparties listed in Schedule 11 until final settlement; and

(b) where VIP has failed to procure by Completion that any Equity Interest held by any Core Wind Group Company in any Wind Dormant Company is transferred (to a third party who is not a member of the Wind Group), any Losses in relation to such Equity Interest including:

(i) any liabilities or obligations (past, present or future) of the Group in connection with any Equity Interest held by any Group Company in any such Wind Dormant Company; and

(ii) any Costs incurred by the Group in connection with any liquidation or dissolution of any such Wind Dormant Company following Completion.

13. VIP THIRD PARTY CLAIMS

13.1 If any Party other than VIP becomes aware of any claim by a third party or potential claim by a third party (a **VIP Third Party Claim**) after Completion which is likely to result in a HET Claim (other than a claim under clause 17 or a Tax Gross Up Claim) being made under this agreement, such Party shall as soon as reasonably practicable give notice of the VIP Third Party Claim to VIP and (subject to such Party and the Group being indemnified and secured to their reasonable satisfaction by VIP against all reasonable out-of-pocket Costs incurred in respect of that VIP Third Party Claim) shall use all reasonable endeavours to:

(a) ensure that VIP is given all reasonable facilities to investigate the VIP Third Party Claim;

(b) not (and ensure that each Group Company shall not) admit liability or make any agreement or compromise with any person, body or authority (including any Taxation Authority) in relation to that VIP Third Party Claim without prior consultation with VIP; and

(c) (subject to it or any relevant Group Company being entitled to employ its own legal advisers) take (and ensure that each Group Company shall take) any action that VIP reasonably requests to avoid, resist, dispute, appeal, compromise or defend that VIP Third Party Claim.

13.2 The rights of VIP under clause 13.1 shall only apply to a VIP Third Party Claim if VIP gives notice to HET and H3G II in writing of its intention to exercise its rights within 30 Business Days of the relevant Party giving notice of the VIP Third Party Claim. If VIP does not give such notice during that period, the relevant Party shall be entitled in its absolute discretion to settle, compromise, or resist any action, proceedings or claim against it or any member of the Group out of which that VIP Third Party Claim may arise.

13.3 Neither the relevant Party nor any member of the Group shall be required to take any action or refrain from taking any action pursuant to clause 13.1 (or ensure that any such action or omission is taken), if the action or omission requested would, in the reasonable opinion of such Party or the Group Company (as applicable), be materially prejudicial to the business of such Party or the Group (as applicable).

13.4 Neither VIP nor any of its connected persons shall take any action or refrain from taking any action pursuant to this clause 13 if such action or omission could reasonably be regarded as materially prejudicial to the business of HET or the Group or any Group Company.

13.5 HET shall not be precluded from bringing any HET Claim by reason of any breach of the terms of this clause 13.

14. HET WARRANTIES

14.1 HET warrants to VIP on the date of this agreement that each of the HET Warranties is true, accurate and not misleading.

14.2 HET shall be deemed to warrant to VIP at Completion that, by reference to the facts and circumstances then existing and as if references in the HET Fundamental Warranties to the date of

this agreement were references to the date of Completion, the HET Fundamental Warranties are true, accurate and not misleading, save that in the case of the HET Warranties at paragraphs 9 (*Filings and consents*), (other than paragraph 9.3) 10 (*Compliance with laws*), 11 (*Fundamental Regulatory Licences*) of Schedule 6 that the same are true and accurate in all material respects and not misleading in any material respect.

14.3 VIP Claims (but excluding any VIP Claim that relates to the adjustments pursuant to clause 7 or Schedule 10) shall be subject to the limitations and other provisions expressly stated as applying to those claims set out in Schedule 7.

14.4 HET acknowledges that VIP is entering into this agreement in reliance on the warranties and undertakings on the part of HET set out in this agreement.

14.5 VIP acknowledges and agrees that the only HET Warranty given in relation to Taxation or any related claims, liabilities or other matters (**HET Tax Matters**) is the HET Tax Warranty and no other HET Warranty is given (whether directly or indirectly) in relation to HET Tax Matters.

15. HET INDEMNITY

HET undertakes to VIP (without limiting any other rights of VIP in any way including rights to damages for breach of any HET Warranty or on any other basis) to indemnify VIP on demand against 50% of all Tax liabilities suffered by H3G II to the extent such liabilities result from [*] for any period ending on or before Completion.

16. HET THIRD PARTY CLAIMS

16.1 If any Party other than HET becomes aware of any claim by a third party or potential claim by a third party (a **HET Third Party Claim**) after Completion which is likely to result in a VIP Claim (other than a claim under clause 17 or a Tax Gross Up Claim) being made under this agreement, such Party shall as soon as reasonably practicable give notice of the HET Third Party Claim to HET and (subject to such Party and the Group being indemnified and secured to their reasonable satisfaction by HET against all reasonable out-of-pocket Costs incurred in respect of that HET Third Party Claim) shall use all reasonable endeavours to:

(a) ensure that HET is given all reasonable facilities to investigate the HET Third Party Claim;

(b) not (and ensure that each Group Company shall not) admit liability or make any agreement or compromise with any person, body or authority (including any Taxation Authority) in relation to that HET Third Party Claim without prior consultation with HET; and

(c) (subject to it or any relevant Group Company being entitled to employ its own legal advisers) take (and ensure that each Group Company shall take) any action that HET reasonably requests to avoid, resist, dispute, appeal, compromise or defend that HET Third Party Claim.

16.2 The rights of HET under clause 16.1 shall only apply to a HET Third Party Claim if HET gives notice to VIP and H3G II in writing of its intention to exercise its rights within 30 Business Days of the relevant Party giving notice of the HET Third Party Claim. If HET does not give such notice during that period, the relevant Party shall be entitled in its absolute discretion to settle, compromise, or resist any action, proceedings or claim against it or any member of the Group out of which that HET Third Party Claim may arise.

[*] Material omitted and furnished separately to the Securities and Exchange Commission pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

16.3 Neither the relevant Party nor any member of the Group shall be required to take any action or refrain from taking any action pursuant to clause 16.1 (or ensure that any such action or omission is taken), if the action or omission requested would, in the reasonable opinion of such Party or the Group Company (as applicable), be materially prejudicial to the business of such Party or the Group (as applicable).

16.4 Neither HET nor any of its connected persons shall take any action or refrain from taking any action pursuant to this clause 15 if such action or omission could reasonably be regarded as materially prejudicial to the business of VIP or the Group or any Group Company.

16.5 VIP shall not be precluded from bringing any VIP Claim by reason of any breach of the terms of this clause 15.

17. ITALIAN CORPORATE INCOME TAX GROUP ARRANGEMENTS

17.1 From Completion, the Shareholders shall use all reasonable endeavours to procure that WAHF, Wind TS and Wind Retail (or their successors, where relevant) each pay to Wind Telecom an amount equal to any Italian corporate income tax for which Wind Telecom is accountable and which is attributable to WAHF, Wind TS and Wind Retail, respectively, in respect of any period ending on or before the Break Date. No such payment shall be required to the extent that: (a) such payment was made prior to or at Completion, including through offset or settlement of intercompany balances; (b) such payment is prohibited pursuant to any financing agreements of the Wind Group or the 3 Italia Group; or (c) any Wind Tax Receivable remains outstanding, except to the extent that the payment is able to be offset against that Wind Tax Receivable.

17.2 From Completion, VIP shall use all reasonable endeavours to procure that Wind Telecom pays the Wind Tax Receivable to the relevant Core Wind Group Company. No such payment shall be required to the extent that: (a) such payment was made prior to or at Completion, including through offset or settlement of Intercompany Balances; or (b) any Wind Tax Payable remains outstanding, except to the extent that the payment is able to be offset against that Wind Tax Payable.

17.3 VIP shall pay, or shall procure that there is paid, to the Company or WAHF (on behalf of itself and each other relevant Wind Group Company or their successors), an amount equal to such proportion of any repayment of Italian corporate income tax received by Wind Telecom from the Italian Taxation Authority which VIP reasonably considers is attributable to WAHF, Wind TS or Wind Retail promptly after its receipt by Wind Telecom.

17.4 If WAHF, Wind TS or Wind Retail (or, where relevant, the successor to any of them) receives (at any time) a payment from Wind Telecom in respect of any transfer of Reliefs to Wind Telecom and those Reliefs are subsequently lost or otherwise cease to be available (including, without limitation, as a result of any Tax audit or Tax assessment but excluding as a result of any action taken by Wind Telecom or any of its Affiliates in circumstances where any of them knew, or ought reasonably to have known, that the action in question would or might result in the Relief in question being lost or ceasing to be available), then, from Completion, the Shareholders shall use reasonable endeavours to procure that so much of such payment that relates to the Reliefs that are lost or otherwise cease to be available shall be refunded as soon as practicable thereafter.

17.5 Subject to clause 17.4, VIP shall not, and shall procure that neither Wind Telecom nor any other member of the VIP Group shall, seek to recover any amount from WAHF, Wind TS, Wind Retail or any other Group Company in respect of or relating to any Italian corporate income tax that Wind Telecom or any other person is required to pay as a result of any Reliefs transferred by WAHF, Wind TS or Wind Retail to Wind Telecom being lost or otherwise ceasing to be available (including, without limitation, as a result of any Tax audit or Tax assessment).

17.6 VIP shall take, or shall procure that Wind Telecom takes, all necessary steps either:

(a) to procure the reimbursement in cash to the relevant Wind Group Company prior to Completion of; or

(b) to assign, pursuant to Article 124(3) of the IITC, to the relevant Wind Group Company prior to Completion a receivable from the Italian Taxation Authority on account of advance payments of Italian corporate income tax of an amount equal to,

any amounts paid by WAHF, Wind TS or Wind Retail to Wind Telecom on account of or in respect of advance payments of Italian corporate income tax in relation to the tax year (for Italian corporate income tax purposes) in which the Break Date falls.

17.7 VIP shall take, or shall procure that Wind Telecom takes, all necessary steps to procure that the Break Date is no later than the beginning of the Tax year (for Italian corporate income tax purposes) in which Completion takes place.

17.8 VIP shall procure that no amendment is made to the Wind Tax Agreement at any time on or before Completion, other than any amendment required to permit the continuation of the Wind Tax Agreement on the same terms (in all material respects) as apply as at the date of this agreement.

17.9 In each case from Completion:

(a) VIP shall not, and VIP shall procure that neither Wind Telecom nor any other member of the VIP Group shall, seek to enforce the Wind Tax Agreement against any Wind Group Company (or any of its successors); and

(b) the Shareholders shall co-operate to procure that no Wind Group Company (or any other Group Company) shall seek to enforce the Wind Tax Agreement against Wind Telecom,

where such enforcement would be contrary to the express terms of this agreement or would require a payment not contemplated by the express provisions of this agreement.

17.10 From Completion:

(a) VIP shall, and shall procure that Wind Telecom shall, keep HET fully informed of any material developments and correspondence relating to the Italian corporate income tax affairs of the Wind Tax Group so far as relevant to any Wind Group Company, including by promptly providing HET with copies of all material written correspondence with any Taxation Authority relating to such affairs; and

(b) subject to clause 13 of this agreement, VIP shall not, and shall procure that neither Wind Telecom nor any other member of the VIP Group shall, make any election or take any other action (other than as expressly permitted or contemplated by the Shareholders' Deed) to prevent any of the Wind Group Companies dealing with their own Tax affairs or with any Tax audit, assessment, dispute or other matter relating to Tax which concerns or affects any Wind Group Company (and, for the avoidance of doubt and without limitation, any matter that could result in any Italian corporate income tax liability for any Wind Group Company pursuant to Article 127 of the IITC shall be treated as being part of the Tax affairs of the Wind Group Company).

17.11 In this clause 17:

Break Date means the date on which WAHF, Wind TS and Wind Retail cease to be part of the Wind Tax Group for Italian corporate income tax purposes;

Tax is **attributable** to a person (the **Attributed Entity**) and not to another person if and to the extent it is Tax which is payable by reference to the income, profits or gains, transactions, activities, assets, capital or liabilities of the Attributed Entity and not of the other person; and

any reference to **Italian corporate income tax** includes any interest, surcharge, penalty or fine in relation to Italian corporate income tax, and any payment, liability or amount on account of or in respect of Italian corporate income tax.

18. SECONDARY LIABILITIES

18.1 VIP covenants with HET to pay to HET, within 10 Business Days of demand, an amount equivalent to the Relevant Percentage of any Tax which a Group Company, HET, any other member of the HET Group or FinCo, is required to pay:

(a) as a result of a failure by any member of the VIP Group (other than a Group Company or FinCo) to discharge Tax for which it is liable; or

(b) which is attributable to any member of the VIP Group and not attributable to a Group Company, HET, any other member of the HET Group or FinCo.

18.2 HET covenants with VIP to pay to VIP, within 10 Business Days of demand, an amount equivalent to the Relevant Percentage of any Tax which a Group Company, VIP, any other member of the VIP Group or FinCo, is required to pay:

(a) as a result of a failure by any member of the HET Group (other than a Group Company or FinCo) to discharge Tax for which it is liable; or

(b) which is attributable to any member of the HET Group and not attributable to a Group Company, VIP, any other member of the VIP Group or FinCo.

18.3 Save in relation to any Excluded Transaction Taxes, VIP covenants with HET to pay to HET, within 10 Business Days of demand, an amount equivalent to the Relevant Percentage of any Tax which a Group Company, any other member of the HET Group or FinCo would not have incurred if such Group Company or such other member of the HET Group or FinCo had made a deduction or withholding or otherwise accounted for Tax in respect of the VIP LuxCo Contribution, the WAHF Consideration, the Extinguishment of Receivables, the VIP LuxCo Secondary Contribution, the Pre-Completion Wind Reorganisation and/or the contribution of shares in FinCo to Weather Capital S.à r.l. and/or had accounted to the relevant Taxation Authority for the amount deducted or withheld.

18.4 Save in relation to any Excluded Transaction Taxes, HET covenants with VIP to pay to VIP, within 10 Business Days of demand, an amount equivalent to the Relevant Percentage of any Tax which a Group Company, any other member of the VIP Group or FinCo would not have incurred if such Group Company or such other member of the VIP Group or FinCo had made a deduction or withholding or otherwise accounted for Tax in respect of the HET Contribution, the HET Secondary Contribution and/or the Pre-Completion 3 Italia Reorganisation and/or had accounted to the relevant Taxation Authority for the amount deducted or withheld.

18.5 For the purposes of clauses 18.1 and 18.2 (and not, for the avoidance of doubt, for the purposes of any other provision of this agreement), Tax is **attributable** to a person (the **Attributed Entity**) and not to another person if and to the extent it is Tax which is payable by reference to the income, profits or gains, transactions, activities, assets, capital or liabilities of the Attributed Entity and not of the other person and, notwithstanding the foregoing, Tax shall be treated as attributable to Wind Telecom (and not any other person) where such Tax is payable by Wind Telecom by reference to the income, profits or gains, transactions, activities, assets, capital or liabilities of Wind Telecom or any other person and arises as a result of any Relief transferred to Wind Telecom by any Wind Group Company being lost or otherwise ceasing to be available.

18.6 For the purposes of clauses 18.1 to 18.4, "**Relevant Percentage**" means:

(a) in relation to any Tax required to be paid or incurred by a member of the HET Group or the VIP Group and in each case other than a Group Company or FinCo, 100%; and

(b) in all other cases, 50%.

18.7 The covenants contained in clauses 18.1 to 18.4 shall extend to any Costs incurred in connection with such Tax or a claim under such clauses.

18.8 The provisions of clause 12 shall apply *mutatis mutandis* to any claims by HET under clauses 18.1 or 18.3.

18.9 The provisions of clause 15 shall apply *mutatis mutandis* to any claims by VIP under clauses 18.2 or 18.4.

19. PRE-COMPLETION COVENANTS

19.1 Neither VIP, HET, H3G II nor FinCo shall and each such Party shall procure that none of their Subsidiaries shall at any time prior to and including Completion without the prior consent of the other parties pass or join in passing any resolution of H3G II or FinCo which is contrary to the Transaction Documents.

19.2 Pending Completion:

(a) VIP shall procure that the Core Wind Group; and

(b) HET shall procure that the 3 Italia Group,

each continues to carry on business (and manage affairs relating to Tax) in the ordinary and usual course and in compliance with applicable law and regulation and takes all reasonable steps to preserve their business and assets, provided that nothing in this clause 19.2 shall prevent VIP, HET or any member of the Core Wind Group or the 3 Italia Group from taking such actions as it or they shall in their absolute discretion consider necessary or desirable in order to maintain or increase the value of the business carried on by it or them or to act in a manner intended to compete with its or their respective competitors, provided that no such action could adversely affect Completion after the Parties have become obliged to effect Completion. Nothing in this clause 19.2 shall prevent any member of the Core Wind Group from entering into (i) a memorandum of understanding or agreement (or set of agreements) for the establishment of a digital services platform, provided such memorandum of understanding or agreement is consistent with the draft Heads of Terms for a Strategic Collaboration between Wind TS and GS&Co LLC located in folder 4.12.8.1 of the Wind Virtual Data Room; or (ii) an agreement or agreements with Ericsson (or affiliates of Telefonaktiebolaget LM Ericsson) for the implementation of technology solutions in the operations of the Core Wind Group.

19.3 Subject to clause 19.4 and without prejudice to the generality of clause 19.2, pending Completion, VIP shall procure that the Core Wind Group does not (and that neither Wind Telecom nor any other company on behalf of any Core Wind Group Company does) and HET shall procure that the 3 Italia Group does not, without the prior consent of the other Shareholder:

(a) do or omit to do anything which could constitute an event of default (or an event or circumstance which would with the expiry of a grace period, the giving of notice, the

making of any determination under the relevant document or any combination of any of the foregoing be an event of default) under or breach of any terms of any External Debt of any Core Wind Group Company or 3 Italia Group Company, as applicable, in each case which entitles the lender in respect of such arrangement to require the relevant Core Wind Group Company or 3 Italia Group Company, as applicable, to repay the relevant External Debt prior to its normal or originally stated maturity;

(b) grant any lease or third party right in respect of any of the Properties or transfer or otherwise dispose of any of the Properties, other than in the ordinary course of business;

(c) make any loan other than to another member of the 3 Italia Group or the Core Wind Group (to the extent permitted in accordance with the Wind Financing Documents) respectively;

(d) enter into any new banking facilities, issue any new bonds or enter into any other financing documentation, other than those already existing (being, in the case of the 3 Italia Group, the 3 Italia Financing Documents and, in the case of the Core Wind Group, as set out in Schedule 12) that would or could permit any member of the Core Wind Group or the 3 Italia Group to draw down, issue or take on any new External Debt other than any External Debt pursuant to commitments already existing at the time of this agreement under the 3 Italia Financing Documents or the Wind Financing Documents (as applicable), provided that, for the avoidance of doubt, this clause 19.3(d) shall not restrict drawdowns under existing commitments under the revolving credit facility under the Wind Financing Documents;

(e) do or omit to do anything which might result in the termination, revocation, suspension or modification of any Key Material Contract other than in accordance with its terms, for cause or in the ordinary course for business reasons;

(f) do or omit to do anything which might result in the termination, revocation, suspension, modification or non-renewal of any material licence or consent held by it and issued or granted by a regulatory or governmental body which is responsible for the authorisation, regulation, licensing and/or supervision of any Core Wind Group Company or 3 Italia Group Company, as applicable;

(g) declare, make or pay any dividend or any other distribution (whether in cash, stock or kind);

(h) other than as contemplated in the Transaction Documents, alter, or agree to alter the articles of association, by-laws or other constitutional document of any Core Wind Group Company or 3 Italia Group Company, as applicable;

(i) agree or permit the institution or settlement of any litigation where it could result in a payment by a Core Wind Group Company or 3 Italia Group Company, as applicable, of EUR 10,000,000 or more other than any litigation relating to Tax;

(j) alter, amend or vary the accounting policies of the Core Wind Group and 3 Italia Group, as applicable, unless such alteration, amendment or variation (i) is required by law or relevant account requirements or (ii) made in accordance with the terms of this agreement or the Transaction Documents;

(k) create, issue, purchase or redeem any class of share or loan capital that would be incompatible with this agreement, the Transaction Documents or the transactions contemplated thereby;

(l) acquire shares or (other than in the ordinary course) assets of or in any company or dispose of any shares or (other in the ordinary course) assets of or in any Core Wind Group Company or 3 Italia Group Company (as applicable);

(m) participate equity in, or terminate any equity participation in, any partnership or joint venture, except as required in the ordinary course of business in connection with any bid to be made by the relevant member of the 3 Italia Group Company or Core Wind Group Company, as applicable, as required by a government, other state authority or regulatory tender process; and this clause 19.3(m) shall not operate to restrict or prevent participation in or termination of any non-equity partnership or joint venture;

(n) create any Encumbrance on the assets other than shares of any member of the 3 Italia Group or Wind Group, as applicable, except Permitted Encumbrances up to an aggregate value of EUR 10,000,000;

(o) grant, issue or redeem any mortgage, charge, debenture or other security or give any guarantee or indemnity that gives rise to a liability (whether actual or contingent) of any Wind Group Company or 3 Italia Group Company, as applicable, in excess of EUR 10,000,000 individually, and for the avoidance of doubt, this provision shall not apply to mortgages, charges, debentures or other securities granted, issued or redeemed in the ordinary course of business in accordance with the Wind Financing Documents;

(p) enter into a lease for a new property or renew any lease for a Property, other than in the ordinary course of business;

(q) make any change to any of its methods, policies, principles or practices of Tax accounting or methods of reporting or claiming income, losses, or deductions for Tax purposes;

(r) change its residence for Tax purposes or create any permanent establishment or other place of business in any other jurisdiction;

(s) approve or create any new employee incentive scheme;

(t) enter into any Interconnection Agreement or Rate Sheet other than on market terms; or

(u) agree conditionally or otherwise, to do any of the foregoing (save for conditionally upon a condition that is satisfied by termination of this agreement).

19.4 The restrictions set out in clause 19.3 (other than 19.3(a) and 19.3(d)) shall not operate to restrict or prevent:

(a) any act or matter required by:

(i) the Pre-Completion 3 Italia Reorganisation, including the 3 Italia Acquisition;

(ii) the Pre-Completion Wind Reorganisation;

(iii) the Wind Financing Documents; or

(iv) clauses 2, 3, 4, 5, 6 or 22 or Schedule 9 of this agreement; or

(b) any act or matter proposed to be undertaken by:

(i) the 3 Italia Group in respect of which VIP has given its prior written consent (such consent not to be unreasonably withheld or delayed); or

(ii) the Core Wind Group in respect of which HET has given its prior written consent (such consent not to be unreasonably withheld or delayed);

19.5 For the purpose of clause 19.3, it shall be reasonable for a Shareholder to withhold its consent on the basis that the act or matter requiring its consent may, in the reasonable opinion of such Shareholder, result in a material deterioration in the value of the assets or business of:

(A) in the case of a matter for which VIP consent is required, the 3 Italia Group or the Group, as the case may be; and

(B) in the case of a matter for which HET consent is required, the Core Wind Group or the Group, as the case may be,

in each case whether as a whole or any member thereof.

19.6 VIP shall procure that the Core Wind Group and HET shall procure that the 3 Italia Group (as applicable) prior to Completion:

(a) implements and maintains adequate anti-bribery and anti-money laundering policies and procedures in accordance with all applicable laws designed to ensure compliance with all applicable Anti-corruption Laws, and Anti-money Laundering Laws and Economic Sanctions Laws including but not limited to ensuring the adoption and effective implementation of an adequate Organizational Model under, and for purposes of, the Italian Legislative Decree no. 231 of 2001;

(b) maintains accurate records of its activities, including financial records in a form and manner appropriate for a business of its size and resources;

(c) uses all reasonable endeavours to procure that its service providers maintain adequate policies, systems, controls and procedures designed to ensure compliance with all applicable Anti-corruption Laws, Anti-money Laundering Laws and Economic Sanctions Laws;

(d) will not take any action which results in it or any of its members being in material contravention of any Law (including any applicable Anti-corruption Laws, Anti-money Laundering Laws and Economic Sanctions Laws);

(e) maintains in full force and effect such insurance policies as it and its members currently have in place unless such policies terminate in accordance with their terms, in which case it shall renew the same on a similar basis;

(f) following the Unconditional Date, carries out all steps required to implement the Pre-Completion Wind Reorganisation or the Pre-Completion 3 Italia Reorganisation, as applicable;

(g) terminates any existing employee incentive schemes which would otherwise continue post-Completion and settles all pre-existing liabilities arising in relation thereto; and

(h) ensures that any Equity Interest held by any Core Wind Group Company in any Wind Dormant Company is transferred (to a third party who is not a member of the Wind Group) or dissolved without any liability or obligation to the Core Wind Group. Each Shareholder shall identify prior to Completion and through a proper and agreed upon assessment process individuals, preferably but not necessarily from among the current senior management teams of the 3 Italia Group and the Core Wind Group, who shall initially be appointed to serve in senior management roles of the Group, the 3 Italia Group and the Core Wind Group, including the chief financial officer, chief technical officer, chief marketing officer and such other positions as are agreed by the Shareholders.

19.7 The Shareholders undertake to negotiate in good faith and use reasonable endeavours to agree:

(a) the new company name to be adopted by H3G II on Completion;

(b) the articles of association to be adopted by MergeCo and its Subsidiaries at Completion on the basis of the Shareholders' Deed and the MergeCo Articles Extract;

(c) the articles of association to be adopted by FinCo at Completion on the basis of the FinCo Shareholders' Deed;

(d) the terms of a full length Long-Term Incentive Plan on the basis of the key commercial terms set out in the Long-Term Incentive Plan Key Terms;

(e) the terms of a full length Merger Integration Plan on the basis of the key commercial terms set out in the Merger Integration Plan Key Terms;

(f) the terms of a full length Plan of Reorganisation on the basis of the key terms set out in the Plan of Reorganisation Key Terms; and

(g) the Initial Budget,

in each case, as soon as practicable.

19.8 To the extent permitted by applicable antitrust and merger control laws, the Shareholders shall procure the establishment of a merger integration planning team in order to plan and prepare the integration process of their respective Italian businesses provided that information shall only be disclosed to members of a suitable clean team consisting of external advisers and properly segregated employees of each of the Shareholders, in each case being bound by the confidentiality obligations under the NDA and the Protocol and any other guidelines agreed between the Shareholders with respect to integration planning.

19.9 VIP undertakes to HET that there will not be any Cash Leakage in the period from the date of this agreement up to and including Completion.

19.10 HET shall procure that an aggregate amount not less than €200,000,000 in Cash is held by the 3 Italia Group as at Completion.

19.11 VIP shall not enter, and shall procure that neither VIP LuxCo nor any member of the Core Wind Group enters, into any new derivative instruments other than those already existing, as set out in Schedule 12, and shall not amend or terminate, and shall procure that no member of the Core Wind Group amends or terminates, any such existing derivative instruments from the date of this agreement up to and including Completion, in each case without the prior consent of HET (such consent not to be unreasonably withheld or delayed). VIP shall procure that, from the date of this agreement up to and including Completion, the Core Wind Group does not repay any long term Financial Indebtedness as set out in Schedule 12.

19.12 HET shall not enter, and shall procure that no member of the 3 Italia Group enters, into any new derivative instruments without the prior consent of VIP (such consent not to be unreasonably withheld or delayed).

19.13 Pending Completion, VIP shall, and shall procure that VIP LuxCo and the Core Wind Group shall:

(a) keep HET reasonably informed of any material developments and correspondence relating to the Tax affairs of the Core Wind Group, including by promptly providing HET with copies of all material written correspondence with any Taxation Authority relating to the Tax affairs of the Core Wind Group; and

(b) not take any Restricted Tax Action that: (i) could materially impact any Group Company, or could reasonably be expected to have a material impact on HET or any person connected with HET; and/or (ii) could result in a payment by a Group Company of EUR150,000,000 or more, without first consulting with HET for a reasonable period of time and taking HET's reasonable comments into account.

19.14 Pending Completion, HET shall, and shall procure that the 3 Italia Group shall:

(a) keep VIP reasonably informed of any material developments and correspondence relating to the Tax affairs of the 3 Italia Group, including by promptly providing VIP with copies of all material written correspondence with any Taxation Authority relating to the Tax affairs of the 3 Italia Group; and

(b) not take any Restricted Tax Action that: (i) could materially impact any Group Company, or could reasonably be expected to have a material impact on VIP or any person connected with VIP; and/or (ii) could result in a payment by a Group Company of EUR150,000,000 or more, without first consulting with VIP for a reasonable period of time and taking VIP's reasonable comments into account.

19.15 VIP undertakes to procure that the proceeds (net of any Tax and of any third party costs and expenses reasonably incurred (the **Galata Proceeds**)) received by any member of the Core Wind Group in connection with the exercise by Wind TS of the put option granted to it by Smartowers Italy S.r.l. pursuant to the put and call option agreement between Wind TS and Smartowers Italy S.r.l dated 26 March 2015 (a copy of which is located in the Wind Physical Data Room) (the **Galata Put Option**) (the exercise of which is not restricted by virtue of clause 19.3) are used to reduce the Debt of the Wind Group after Completion.

19.16 VIP undertakes to procure that Wind TS shall not, to the extent legally permitted, renew or agree any exclusivity obligations binding on it under any contract with SPAL TLC S.p.A. in the event that any such contract is proposed to be renewed or entered into.

19.17 VIP shall use reasonable endeavours to procure that the Core Wind Group and HET shall use reasonable endeavours to procure that the 3 Italia Group, as applicable, following the date of this agreement will jointly review, in the context of the integration process, the risk management and compliance programs, systems procedures and policies currently in place within each of the Core Wind Group and the 3 Italia Group to ensure that they are in line with updated applicable law and best practice requirements and to ensure adequate protection to the Group Companies and their management following Completion and with a view to harmonising the same following Completion with particular but not exclusive reference to the management of Sites.

19.18 The Shareholders acknowledge that the provisions contained in this clause 19, including the granting of the relevant consent, the exercise of the relevant waiver and in general the performance of all actions and the fulfilment of all obligations hereunder, are subject to compliance with any law and regulation, including antitrust and merger control rules.

19.19 Notwithstanding the foregoing, no provision of this clause 19 shall be enforceable or binding to the extent that any such restriction gives rise to a breach of applicable antitrust or merger control laws and regulations.

19.20 HET will best endeavour to deliver to VIP original, executed versions of the settlement and release agreements (related to the Employment Agreements dated the date hereof and entered into by the 3 Italia Executives) as soon as reasonably practicable.

20. PARENT UNDERTAKINGS

20.1 On and from Completion, the Shareholders will ensure that:

(a) the members of the VIP Group (other than the Wind Group) do not require any payment of any fee, and any obligation to pay a fee is waived for the provision of a Wind Parent Guarantee in respect of the period on and from Completion; and

(b) the members of the HET Group (other than the 3 Italia Group) do not require any payment of any fee, and any obligation to pay a fee is waived for the provision of a 3 Italia Parent Guarantee in respect of the period on and from Completion.

20.2 Following Completion, H3G II shall procure that:

(a) any member of the Wind Group which benefits from a Wind Parent Guarantee will reimburse the relevant member of the VIP Group (other than the Wind Group) for any amount paid and any Loss incurred in connection with such Wind Parent Guarantee in respect of the period after Completion; and

(b) any member of the 3 Italia Group which benefits from a 3 Italia Parent Guarantee will reimburse the relevant member of the HET Group (other than the 3 Italia Group) for any amount paid and any Loss incurred in connection with such 3 Italia Parent Guarantee in respect of the period after Completion.

20.3 Without prejudice to clause 20.2 and any other right of subrogation under the Wind Parent Guarantees and the 3 Italia Parent Guarantees, to the extent that such amount paid and Loss incurred have not been reimbursed pursuant to clause 20.2 or any such other rights:

(a) VIP will compensate HET for 50% of such amount and any Loss suffered by the HET Group (other than the 3 Italia Group) under a 3 Italia Parent Guarantee as a result of any act or omission of the Group after Completion;

(b) HET will compensate VIP for 50% of such amount and any Loss suffered by the VIP Group (other than the Wind Group) under a Wind Parent Guarantee as a result of any act or omission of the Group after Completion; and

(c) no Shareholder will be liable to another Shareholder under this clause 20.3 in respect of any Loss arising from any act or omission of the VIP Group or the HET Group (other than the Wind Group or the 3 Italia Group respectively).

21. SIGNING

At the date of this agreement:

(a) VIP shall observe and perform, and shall procure and take any and all actions necessary to ensure that VIP LuxCo observes and performs, the obligations in Part 1 of Schedule 8; and

(b) HET shall observe and perform the obligations in Part 2 of Schedule 8.

22. COMPLETION

22.1 Completion shall take place in Luxembourg on:

(a) the later of:

(i) the last Business Day of the month in which the Unconditional Date falls (or, if the Unconditional Date falls less than ten Business Days before the last Business Day of that month, on the last Business Day of the following month); and

(ii) if applicable, the last Business Day of the month in which the Remediation Period End Date falls (or, if the Remediation Period End Date falls less than ten Business days before the last Business Day of that month, on the last Business Day of the following month); or

(b) such other date and in such place as the Shareholders may jointly agree in writing.

22.2 At Completion:

(a) VIP shall effect, and shall procure, and take any and all action necessary to ensure, that VIP LuxCo effects, the Existing HET Loan Sale, VIP LuxCo Contribution, Extinguishment of Receivables and VIP LuxCo Secondary Contribution, and further VIP shall observe and perform, and procure, and take any and all action necessary to ensure, that VIP LuxCo observes and performs all of the provisions of Part 1 of Schedule 9;

(b) HET shall effect the Existing HET Loan Sale, HET Contribution, WAHF Consideration, Extinguishment of Receivables and HET Secondary Contribution, and further HET shall observe and perform all of the provisions of Part 2 of Schedule 9; and

(c) H3G II shall observe and perform, and the Shareholders shall procure that H3G II observes and performs, all of the provisions of Part 3 of Schedule 9; and

(d) FinCo shall observe and perform, and the Shareholders shall procure that FinCo observes and performs, all of the provisions of Part 4 of Schedule 9.

22.3 If for any reason VIP fails to observe and perform or fails to procure the observance and performance of any of the provisions of Part 1, Part 3 (in so far as it is able) and Part 4 of Schedule 9, HET may elect (in addition and without prejudice to all other rights or remedies available to it, including those rights and remedies specified in clause 23.5) not to proceed to Completion or to fix a new time and date for Completion by, in either case, giving written notice to VIP.

22.4 If for any reason HET fails to observe and perform or fails to procure the observance and performance of any of the provisions of Part 2, Part 3 and Part 4 of Schedule 9, VIP may elect (in addition and without prejudice to all other rights and remedies available to it, including those rights and remedies specified in clause 23.5) not to proceed to Completion or to fix a new time and date for Completion by, in either case, giving written notice to HET.

22.5 At Completion, the parties shall do all those things respectively required of them under clauses 2 to 6 (inclusive) of this agreement at Completion and Completion shall not be deemed to have occurred unless and until each such thing has been done.

23. TERMINATION

Termination connected with conditions precedent

23.1 This agreement and any other Transaction Documents in effect shall automatically terminate with immediate effect and each Party’s rights and obligations shall cease to have effect if any of the conditions precedent in clause 9.1 is not fulfilled (or, where appropriate, waived) in accordance with its terms on or before the Long Stop Date or such later date as may be required for the satisfaction of any Commitment referred to in a Commitment Offer where such Commitment is required to be satisfied prior to Completion or as the Shareholders have agreed in writing.

23.2 If this agreement terminates in accordance with clause 23.1 then:

(a) the provisions of this agreement (other than clause 23.1, this clause 23.2, clause 1, clauses 25 to 29 and clauses 33 to 40 (inclusive), the provisions of Schedule 13, and any other right, duty or obligation of the Parties that is expressly stated in this agreement or reasonably intended to survive termination) shall lapse and cease to have effect (so that no Party shall have any liability under them) except in relation to a breach under this agreement prior to any such termination;

(b) neither the lapsing of those provisions nor their ceasing to have effect shall affect any accrued rights or liabilities of any Party in respect of damages for non-performance of any obligation under this agreement falling due for performance prior to such lapse and cessation; and

(c) each Party shall bear its own costs and expenses in relation to the negotiation, preparation and execution of this agreement and all ancillary matters,

provided that in no event shall any Party be required to make any payment to the other Parties by way of damages, break fee or other analogous item solely as a consequence of the circumstances stated at clause 23.1.

Termination connected with Completion

23.3 Subject to clause 23.4, this agreement shall automatically terminate with immediate effect (where the relevant breach is not reasonably capable of remedy) or with effect from the Remediation Period End Date (where the relevant breach is reasonably capable of remedy but has not been remedied) and each Party's rights and obligations shall cease to have effect if:

(a) before Completion, VIP becomes aware that any of the HET Title, Capacity and Compliance Warranties was (i) at the date of this agreement untrue or misleading in any material respect, or (ii) has since become untrue or misleading in any material respect by reference to the facts and circumstances then existing as if references in the HET Title, Capacity and Compliance Warranties to the date of this agreement were references to the date VIP becomes so aware, save that in the case of such breach of the warranties at paragraphs 10 (Compliance with Laws) and 11 (Fundamental Regulatory Licence) of Schedule 6 such breach has a Material Adverse Effect (provided that where the breach is reasonably capable of remedy, VIP gives written notice to HET to remedy such breach (the **VIP Notice to Remedy**) and HET has not remedied or procured the remedy of the breach within the period specified below) and VIP gives notice to HET that it wishes to terminate this agreement; or

(b) before Completion, HET becomes aware that any of the VIP Title, Capacity and Compliance Warranties was (i) at the date of this agreement untrue or misleading in any material respect, or (ii) has since become untrue or misleading in any material respect by reference to the facts and circumstances then existing as if references in the VIP Title, Capacity and Compliance Warranties to the date of this agreement were references to the date HET becomes so aware, save that in the case of such breach of the warranties at paragraphs 10 (Compliance with Laws) and 11 (Fundamental Regulatory Licences) of Schedule 4 such has a Material Adverse Effect (provided that where the breach is reasonably capable of remedy, HET gives written notice to VIP to remedy such breach (the **HET Notice to Remedy**) and VIP has not remedied or procured the remedy of the breach within the period specified below) and HET gives notice to VIP that it wishes to terminate this agreement,

and the parties agree that where a Shareholder is capable of remedying or procuring the remedy of a breach pursuant to the above (and without prejudice to a Shareholder's right to give notice to terminate pursuant to the above in the event that such remediation does not occur within the period

stated below), such Shareholder shall do so as soon as practicable and in any event within 30 days from the date on which the relevant Notice to Remedy is deemed to have been given in accordance with clause 30 (the end of such period being the **Remediation Period End Date**) and Completion shall thereafter take place on the date stated in clause 22.1(a)(ii) and any notice to terminate given under this clause 23.3 shall have no effect.

23.4 If this agreement terminates in accordance with clause 23.3 then:

(a) the provisions of this agreement (other than clause 23.3, this clause 23.4, clause 1, clauses 25 to 29 and clauses 33 to 40 (inclusive), the provisions of Schedule 13, and any other right, duty or obligation of the Parties that is expressly stated in this agreement or reasonably intended to survive termination) shall lapse and cease to have effect (so that no Party shall have any liability under them) except in relation to a breach under this agreement prior to any such termination;

(b) neither the lapsing of those provisions nor their ceasing to have effect shall affect any accrued rights or liabilities of any Party in respect of damages for non-performance of any obligation under this agreement falling due for performance prior to such lapse and cessation; and

(c) the other Party or Parties (as the case may be) shall indemnify the Non-defaulting Party against all costs, charges and expenses incurred by it in connection with the negotiation, preparation and entering into of this agreement and the Transaction Documents and in discharging its obligations under any of them,

provided that, without prejudice to any other rights or remedies available to it or them, in no event shall any Party be required to make any payment to the other Parties by way of break fee in the event that this agreement terminates in accordance with clause 23.3.

23.5 Without affecting any other rights or remedies that the Non-defaulting Party may have (including its right to waive a breach of, or failure to comply with, this agreement and proceed to Completion under clauses 22.3 and/or 22.4, as applicable), the Parties acknowledge that the Non-defaulting Party may be irreparably harmed by a breach by Defaulting Party of the terms of this agreement as a result of its failure to complete in the circumstances specified below and that damages alone may not necessarily be an adequate remedy to compensate fully the Non-defaulting Party for any Loss caused by such breach. Accordingly, the Defaulting Party hereby: (a) acknowledges without proof of actual damages that injunctive relief, specific performance or other equitable relief in favour of the Non-defaulting Party is also an appropriate and necessary remedy for breach of the terms of this agreement specified below; and (b) agrees not to oppose, or raise any objections to any injunctive relief, specific performance or other equitable relief that the Non-Defaulting Party may seek for breach of the terms of the agreement specified below. The circumstances in which this clause 23.5 shall apply are:

(a) HET fails materially to observe and perform or fails materially to procure the observance and performance of any of the provisions of Part 2 and Part 3 of Schedule 9 applicable to it;

(b) VIP fails materially to observe and perform or fails materially to procure the observance and performance of any of the provisions of Part 1 and Part 3 of Schedule 9 applicable to it;

(c) VIP gives notice to HET that it wishes to terminate this agreement in accordance with clause 23.3(a); and

(d) HET gives notice to VIP that it wishes to terminate this agreement in accordance with clause 23.3(b).

23.6 For the purposes of clause 23.4 and 23.5:

(a) **Non-defaulting Party** means:

(i) where this agreement terminates or could terminate pursuant to clause 23.3(a) or 22.4, VIP; and

(ii) where this agreement terminates or could terminate pursuant to clause 23.3(b) or 22.3, HET;

(b) **Defaulting Party** means

(i) where this agreement terminates or could terminate pursuant to clause 23.3(a) or 22.4, HET; and

(ii) where this agreement terminates or could terminate pursuant to clause 23.3(b) or 22.3, VIP.

23.7 No Party shall be entitled to rescind or terminate this agreement following Completion.

24. COVENANT IN RESPECT OF SSEA INDEMNITY BENEFITS

24.1 The Parties acknowledge that:

(a) VIP has the benefit of the SSEA Indemnities; and

(b) article 10.7(h)(iii) of the SSEA entitles Orascom TMT Investments S.à r.l. (formerly Weather Investments II S.à r.l.) as indemnitor to pay any amount due under the SSEA Indemnities, at its discretion, to VIP or another member of the VIP Group.

24.2 On and from Completion, VIP shall retain all risk and reward in, full operational control over and exclusive conduct of the SSEA Indemnities and any dispute, compromise, defence, appeal, litigation, arbitration or alternative dispute resolution proceedings by, against or involving VIP, any member of the VIP Group or any member of the Wind Group in connection therewith (**SSEA Indemnity Proceedings**) on the following terms:

(a) VIP shall indemnify on demand HET and H3G II for itself and on behalf of the Group against all Losses which they may incur in taking any such action as VIP may request pursuant to subparagraphs (b) and (c) below and/or arising from actions taken by VIP pursuant to this clause 25.2;

(b) the Shareholders shall procure that each relevant Group Company makes available to VIP such persons and all such information as VIP may request for assessing, contesting, disputing, defending, appealing or compromising any SSEA Indemnity Proceedings;

(c) the Shareholders shall procure that each relevant Group Company takes such action to assess, contest, dispute, defend, appeal or compromise the SSEA Indemnity Proceedings as VIP may reasonably request and does not make any admission of liability, agreement, settlement or compromise in relation to the SSEA Indemnity Proceedings without the prior written approval of VIP; and

(d) VIP shall keep HET reasonably informed of the progress of the SSEA Indemnity Proceedings.

24.3 On and from Completion, HET shall, and the Shareholders shall each procure that each Group Company shall:

(a) notify VIP as soon as reasonably practicable upon becoming aware of its receipt from or on behalf of Orascom TMT Investments S.à r.l. of any recovery, realisation, or other sum or in respect of the SSEA Indemnities or the SSEA Indemnity Proceedings (each an **SSEA Indemnity Benefit**);

(b) transfer to VIP (or its nominee) as soon as reasonably practicable following a request by VIP:

(i) any SSEA Indemnity Benefit in the ownership, possession or control of a Group Company; together with

(ii) any benefit or sum accruing to the relevant Group Company as a result of holding such SSEA Indemnity Benefit (the **Ancillary Benefit**); less

(iii) an amount equal to any Losses and Tax suffered and, in the reasonable opinion of HET or the relevant Group Company, likely to be suffered by any Group Company on or in relation to the transfer of the SSEA Indemnity Benefit or the Ancillary Benefit (or which would have been so suffered or would have been likely to be so suffered but for the availability of a Relief), provided that if and to the extent that in any case an amount is deducted under this paragraph (iii) in respect of any Losses or Tax likely to be suffered, and it is subsequently established to the reasonable satisfaction of HET and the relevant Group Company that the Losses or Tax in question will not be or are no longer likely to be suffered, then HET shall, and the Shareholders shall each procure that each Group Company shall, transfer such amount to VIP (or its nominee) as soon as reasonably practicable after the same has been established;

(c) pending such transfer:

(i) hold such SSEA Indemnity Benefit and the benefit of any right attaching to it (including any sum or right or entitlement to receive the same) on trust for the benefit of VIP; and

(ii) subject to being put in funds in advance by VIP to cover any Losses likely to be incurred by HET or a Group Company in doing so, use all reasonable endeavours to comply with any specific reasonable request of VIP to protect and preserve the value of such SSEA Indemnity Benefit.

24.4 To the extent that a transfer contemplated by clause 24.3(b) is not permitted by applicable law, the Shareholders shall negotiate in good faith with a view to agreeing a suitable alternative arrangement in order that the economic position of the relevant parties is as it would have been had the SSEA Indemnity Benefit been transferred to VIP in accordance with this clause 24.

25. VIP GUARANTEE

25.1 The VIP Guarantor unconditionally and irrevocably:

(a) guarantees to HET the payment when due of all amounts payable by VIP to HET under or pursuant to this agreement;

(b) undertakes to ensure that VIP will perform when due all its obligations under or pursuant to this agreement;

(c) agrees that if and each time that VIP fails to make any payment to HET when it is due under or pursuant to this agreement, the VIP Guarantor must on demand (without requiring HET first to take steps against VIP or any other person) pay that amount to HET as if it were the principal obligor in respect of that amount; and

(d) agrees as principal debtor and primary obligor to indemnify HET against all Losses sustained by it flowing from any non-payment or default of any kind by VIP under or pursuant to this agreement.

25.2 The VIP Guarantor's obligations under this clause 25 will not be affected by any matter or thing which but for this provision might operate to affect or prejudice those obligations, including without limitation:

(a) any time or indulgence granted to, or composition with, VIP or any other person;

(b) the taking, variation, renewal or release of, or neglect to perfect or enforce this agreement, or any right, guarantee, remedy or security from or against VIP or any other person;

(c) any variation or change to the terms of this agreement; or

(d) any unenforceability or invalidity of any obligation of VIP, so that this agreement shall be construed as if there were no such unenforceability or invalidity.

25.3 (a) Until all amounts which may be or become payable under this agreement have been irrevocably paid in full, the VIP Guarantor shall not as a result of this agreement or any payment or performance under this agreement be subrogated to any right or security of HET or claim or prove in competition with HET against VIP or any other person or claim any right of contribution, set-off or indemnity.

(b) The VIP Guarantor will not take or hold any security from VIP or VIP LuxCo in respect of this agreement and any such security which is held in breach of this provision will be held by the VIP Guarantor in trust for HET.

25.4 The VIP Guarantor shall indemnify HET against any reasonable Loss arising as a result of or in connection with the enforcement of the VIP Guarantor's obligations under this agreement.

26. HET GUARANTEE

26.1 The HET Guarantor unconditionally and irrevocably:

(a) guarantees to VIP the payment when due of all amounts payable HET to VIP under or pursuant to this agreement;

(b) undertakes to ensure that HET will perform when due all its obligations under or pursuant to this agreement;

(c) agrees that if and each time that HET fails to make any payment to VIP when it is due under or pursuant to this agreement, the HET Guarantor must on demand (without requiring VIP first to take steps against HET or any other person) pay that amount to VIP as if it were the principal obligor in respect of that amount; and

(d) agrees as principal debtor and primary obligor to indemnify VIP against all Losses sustained by it flowing from any non-payment or default of any kind by HET under or pursuant to this agreement.

26.2 The HET Guarantor's obligations under this clause 26 will not be affected by any matter or thing which but for this provision might operate to affect or prejudice those obligations, including without limitation:

(a) any time or indulgence granted to, or composition with, HET or any other person;

(b) the taking, variation, renewal or release of, or neglect to perfect or enforce this agreement, or any right, guarantee, remedy or security from or against HET or any other person;

(c) any variation or change to the terms of this agreement; or

(d) any unenforceability or invalidity of any obligation of HET, so that this agreement shall be construed as if there were no such unenforceability or invalidity.

26.3 (a) Until all amounts which may be or become payable under this agreement have been irrevocably paid in full, the HET Guarantor shall not as a result of this agreement or any payment or performance under this agreement be subrogated to any right or security of VIP or claim or prove in competition with VIP against HET or any other person or claim any right of contribution, set-off or indemnity.

(b) The HET Guarantor will not take or hold any security from HET in respect of this agreement and any such security which is held in breach of this provision will be held by the HET Guarantor in trust for VIP.

26.4 The HET Guarantor shall indemnify VIP against any reasonable Loss arising as a result of or in connection with the enforcement of the HET Guarantor's obligations under this agreement.

27. COSTS AND EXPENSES

27.1 Each Party shall bear and pay its own legal and other professional costs including in relation to the preparation, negotiation and execution of this agreement and the other Transaction Documents and the performance of the obligations contemplated by it.

27.2 If any Party (the **Costs Paying Party**) is required by this agreement to reimburse another Party (the **Costs Payee Party**) for any Costs, the Costs Paying Party shall also reimburse the Costs Payee Party for any VAT incurred by the Costs Payee Party in respect of such Costs, except to the extent that the Costs Payee Party is entitled to Relief in respect of that VAT.

27.3 Save in relation to any Excluded Transaction Taxes:

(a) VIP shall pay, and within 10 Business Days of demand shall indemnify HET and each Group Company against, all Taxes, including VAT (except to the extent that HET or the relevant Group Company is entitled to Relief in respect of that VAT), stamp duty, notarisation fees or other documentary transfer or transaction duties, and all stamp duty reserve tax, stamp duty land tax and any other transfer taxes including in each case any related interest, surcharge, penalty or fine in relation thereto (**Transaction Taxes**), arising as a result of the VIP LuxCo Contribution, the WAHF Consideration, the Extinguishment of Receivables, the VIP LuxCo Secondary Contribution, the Pre-Completion Wind Reorganisation and/or the contribution of shares in FinCo to Weather Capital S.à r.l.; and

(b) HET shall pay, and within 10 Business Days of demand shall indemnify VIP and each Group Company against, all Taxes, including any Transaction Taxes arising as a result of the HET Contribution, the HET Secondary Contribution and/or the Pre-Completion 3 Italia Reorganisation.

27.4 Any Taxes, including any Transaction Taxes arising after Completion, in respect of the Italian Mergers shall be borne by the relevant Group Company.

28. ANNOUNCEMENTS AND CONFIDENTIALITY

28.1 Subject to clauses 28.3 and 28.4, each Party shall (and shall procure that each member of its relevant group and each such person's advisers and connected persons, shall):

(a) not make any announcement concerning this agreement, the transactions contemplated by this agreement or any ancillary matter; and

(b) keep confidential the provisions and subject matter of, and the negotiations relating to, each Transaction Document.

28.2 The provisions of clause 28.1 shall apply before, at and after Completion.

28.3 Nothing in clause 28.1 prevents any announcement being made or any confidential information being disclosed:

(a) where such announcement is in the Agreed Form or the confidential information disclosed comprises only information set out in an announcement in the Agreed Form; or

(b) with the written approval of the other Parties, which in the case of any announcement shall not be unreasonably withheld or delayed;

(c) if the disclosure is required to a Taxation Authority in connection with the Tax affairs of the disclosing Party, or of the Wind Group or the 3 Italia Group, as the case may be, in the reasonable opinion of the disclosing Party; or

(d) to the extent required by law, any court of competent jurisdiction or any competent regulatory body (including a stock exchange) or supervisory body or authority of competent jurisdiction, but if a person is so required to make any announcement or to disclose any confidential information, the relevant Party shall promptly notify the other Parties, where practicable and lawful to do so, before the announcement is made or disclosure occurs (as the case may be) and shall use its reasonable efforts to co-operate with the other Parties regarding the form, timing and content of such announcement or disclosure (as the case may be) or any action which the other Parties may reasonably elect to take to challenge the validity of such requirement.

28.4 Nothing in clause 28.1 prevents any confidential information being disclosed to the extent:

(a) required to enable any person to enforce its rights under any Transaction Document or for the purpose of any judicial proceedings;

(b) that the information is disclosed on a strictly confidential basis by a person to its professional advisers, auditors or bankers;

(c) that the information is disclosed by a Party on a strictly confidential and need-to-know basis to another member of its group;

(d) the information was lawfully in the possession of the disclosing Party or any of its advisers and connected persons (in either case as evidenced by written records) without any obligation of secrecy before it being received or held by that disclosing Party and its advisers and connected persons; or

(e) that the information is in or comes into the public domain (other than through the disclosing Party's acts or omissions).

29. **NOTICES**

29.1 Any notice or other communication to be given under this agreement must be in writing and must be delivered by hand or courier using an internationally recognised courier company or sent by post, by email or fax to the Party to whom it is to be given at its address appearing in this agreement as follows:

(a) to VIP or the VIP Guarantor at:

VimpelCom Ltd.
Claude Debussylaan 88
1082 MD Amsterdam
The Netherlands

Email: Scott.Dresser@vimpelcom.com and Andrew.Davies@vimpelcom.com

Fax: +31 20 79 77 201

marked for the attention of Scott Dresser and Andrew Davies,

with a copy to Andrew Ballheimer and Tom Levine of the VIP Solicitors (email: Andrew.Ballheimer@allenovery.com and Tom.Levine@allenovery.com); and

(b) to HET at:
7, rue du Marché-aux-Herbes,
L-1728 Luxembourg,
Grand Duchy of Luxembourg

Fax: +352 2626 8181

marked for the attention of the Company Secretary,

with a copy to the HET Guarantor, and David Sonter and Natasha Good of the HET Solicitors (email: david.sonter@freshfields.com and natasha.good@freshfields.com),

(c) to the HET Guarantor at:

22nd Floor, Hutchison House,
10 Harcourt Road,
Hong Kong

Email: EdithS@chk.com.hk

Fax: (852) 2128 1778

marked for the attention of Ms Edith Shih,

and with a copy to David Sonter and Natasha Good of the HET Solicitors (email: david.sonter@freshfields.com and natasha.good@freshfields.com),

(d) to H3G II at:

7, rue du Marché-aux-Herbes
L-1728 Luxembourg
Grand Duchy of Luxembourg

Fax: +352 2626 8181

marked for the attention of the Company Secretary,

with a copy to HET, the HET Guarantor, and David Sonter and Natasha Good of the HET Solicitors (email: david.sonter@freshfields.com and natasha.good@freshfields.com),

or at any such other address of which it shall have given written notice for this purpose to the other Parties under this clause. Each Party shall notify the other Parties in writing of a change to its details stated in this clause 29.1 from time to time. Any notice or other communication sent by post shall be sent by prepaid recorded delivery post (if the country of destination is the same as the country of origin) or by prepaid airmail (if the country of destination is not the same as the country of origin). If a notice or other communication is sent by email, then a copy must also be delivered by hand or courier using an internationally recognised courier company or sent by post as soon as reasonably practicable although the notice or other communication will be deemed to have been given by transmission of the email.

29.2 Any notice or other communication shall be deemed to have been given:

(a) if delivered by hand or courier, at the time of delivery provided that where delivery occurs outside working hours, notice shall be deemed to have been received on the next following Business Day;

(b) if sent by fax or email at the time of transmission if delivered by fax or email (as applicable); or

(c) if sent by post, on the second Business Day after it was put into the post.

29.3 In proving the giving of a notice or other communication, it shall be sufficient to prove that delivery was made or that the envelope containing the communication was properly addressed and posted by prepaid recorded delivery post or by prepaid airmail.

29.4 This clause shall not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this agreement.

30. FURTHER ASSURANCES

30.1 On or after Completion each Party shall, at its own cost and expense, execute and do (or, where within its control, procure to be executed and done) all such deeds, documents, acts and things as may from time to time be required in order to give full effect to this agreement and the Transaction Documents and secure to the other Parties the full benefit of the rights, powers and remedies conferred upon such Party under the Transaction Documents.

30.2 In relation to FinCo, H3G II and each member of its Group following the VIP LuxCo Contribution, the HET Contribution, the WAHF Consideration, the Extinguishment of Receivables, the VIP LuxCo Secondary Contribution and the HET Secondary Contribution, the Shareholders shall procure the convening of all meetings, the giving of all waivers and consents and the passing of all resolutions as are necessary under statute, its constitutional documents or any agreement or obligation affecting it to give effect to this agreement and the Transaction Documents.

30.3 In relation to VIP LuxCo, VIP shall procure the convening of all meetings, the giving of all waivers and consents and the passing of all resolutions as are necessary under statute or its constitutional documents to give effect to this agreement and the Transaction Documents.

30.4 Each of HET and VIP undertakes to take, and shall procure that each member of the 3 Italia Group and the Core Wind Group respectively takes, all necessary steps to ensure that the respective Shareholder acts in compliance with its obligations under clauses 8 and 9.

31. ASSIGNMENTS

None of the rights or obligations under this agreement or any other Transaction Document may be assigned, transferred or otherwise dealt with by a Party without the prior written consent of all the other Parties. No Party shall grant, declare, create or dispose of any rights or interests in this agreement or any other Transaction Document without prior written consent of all the other Parties. Any purported assignment in contravention of this clause 31 shall be void.

32. DIVERSION OF DIVIDENDS

32.1 If HET or the HET Guarantor is required to make any payment in respect of any terms of this agreement to VIP, it may do so as follows:

(a) in cash at the date on which that payment first becomes due and payable; or

(b) following Completion and in respect of a payment by HET, if HET so elects (other than in respect of any HET Tax Non-Warranty Claim or any claim under clause 7, Schedule 10 (other than under paragraph 5.4 of Part 1 of Schedule 10) or paragraphs 1 or 2.1 of Schedule 4): (i) the payment shall be left outstanding as an undertaking to pay VIP carrying interest from the date on which that payment first becomes due and payable (at a rate equal to the H3G II Cost of Capital and calculated on the basis of the actual number of days elapsed divided by 365 days), until such time as the amount due, together with accrued interest, is received in full by VIP (or a nominated member of the VIP Group); and (ii) HET shall procure that H3G II or FinCo shall pay any amounts in respect of any dividends, distributions or other returns of value due from H3G II or FinCo to HET or any transferee of shares in H3G II or FinCo in accordance with the Shareholders' Deed directly to VIP (or such nominated member of the VIP Group) in discharge of such undertaking and interest to the extent of the payment received by VIP (or such nominated member of the VIP Group).

32.2 If VIP or the VIP Guarantor is required to make any payment in respect of any terms of this agreement to HET, it may do so as follows:

(a) in cash at the date on which that payment first becomes due and payable; or

(b) following Completion and in respect of a payment by VIP, if VIP so elects (other than in respect of any VIP Tax Non-Warranty Claim or VIP Dormant Company Indemnity Claim or any claim under clause 7, Schedule 10 (other than under paragraph 5.4 of Part 1 of Schedule 10) or paragraphs 1 or 2.1 of Schedule 6: (i) the payment shall be left outstanding as an undertaking to pay HET carrying interest from the date on which that payment first becomes due and payable (at a rate equal to the H3G II Cost of Capital and calculated on the basis of the actual number of days elapsed divided by 365 days), until such time as the amount due, together with accrued interest, is received in full by HET (or a nominated member of the HET Group); and (ii) VIP shall procure that H3G II or FinCo shall pay any amounts in respect of any dividends, distributions or other returns of value due from H3G II or FinCo to VIP or VIP LuxCo or any transferee of shares in H3G II or FinCo in accordance with the Shareholders' Deed directly to HET (or such nominated member of the HET Group) in discharge of such undertaking and interest to the extent of the payment received by HET (or such nominated member of the HET Group).

32.3 Each Party shall, upon request by the other Party, cooperate in good faith and take reasonable measures available to it in order to minimise any deduction or withholding for or on account of Tax that would be required from any dividend, distribution or other return of value referred to in clause 7.6, clause 32.1 or clause 32.2. For the avoidance of doubt, such reasonable measures shall not include any change to the operations of either Party (or any of its Affiliates) or require either Party (or any of its Affiliates) to carry out any restructuring activities or implement any Tax planning techniques.

33. PAYMENTS

33.1 Unless otherwise expressly stated (or as otherwise agreed in the case of a given payment), each payment to be made under this agreement or any other Transaction Document shall be made in Euro by transfer of the relevant amount into the relevant account on the date (and, if applicable, at or before the time) the payment is due for value on that date and in immediately available funds. Unless otherwise expressly stated (or as otherwise agreed in the case of a given payment), all sums due under this agreement or any other Transaction Document shall be made without set-off or counterclaim. The relevant account for a given payment is:

(a) if that payment is to VIP or the VIP Guarantor, such account as VIP or the VIP Guarantor (as applicable) shall, not less than three Business Days before the date that payment is due, have specified by giving notice to the relevant Party for the purpose of that payment; and

(b) if that payment is to HET or the HET Guarantor, to such account as HET or the HET Guarantor (as applicable) shall, not less than three Business Days before the date that payment is due, have specified by giving notice to the relevant Party for the purpose of that payment.

33.2 All sums payable under this agreement shall be paid free and clear of all deductions or withholdings for or on account of Tax, save only as provided in this agreement or as required by law.

33.3 Subject to clause 33.6, if any deduction or withholding for or on account of Tax is required by law from any warranty, indemnity or other compensation payment under this agreement (including any payment made pursuant to clause 7 or Schedule 10 but excluding, for the avoidance of doubt, any payment made under clause 24 and any dividend, distribution or other return of value paid or made by H3G II or FinCo) the payer shall, save in relation to interest, pay such additional amount as will, after such deduction or withholding has been made, leave the recipient with the full amount which would have been received by it had no such deduction or withholding been required to be made.

33.4 Each Party shall, upon request by the other Party, cooperate in good faith and take reasonable measures available to it in order to minimise any deduction or withholding referred to in clause 33.3. For the avoidance of doubt, such reasonable measures shall not include any change to the operations of either Party (or any of its Affiliates) or require either Party (or any of its Affiliates) to carry out any restructuring activities or implement any Tax planning techniques.

33.5 To the extent that any deduction or withholding for or on account of Tax in respect of which an additional amount has been paid under paragraph 33.3 above results in the payee obtaining and utilising a Relief (reasonable endeavours having been used to obtain such Relief), the payee concerned shall pay to the payer concerned such amounts as it determines, acting reasonably, is equal to the lower of the value of the benefit thereby obtained and the additional amount paid.

33.6 Clause 33.3 above shall not apply to the extent that the deduction, withholding or Tax would not have arisen but for:

(a) an assignment by the payee of any of its rights under this agreement; or

(b) the payee failing to provide documentation reasonably requested by the payer.

33.7 The Parties agree that when calculating the amount of: (a) any right to damages for breach of warranty; (b) any payment under any indemnity; or (c) any other payment under this agreement, no account shall be taken of any Tax:

(a) chargeable on receipt of any sums payable under this agreement; or

(b) that would be chargeable on receipt of any sum paid to any person (including any Group Company) to put that person in the position it would have been in but for the breach of warranty or matter giving rise to the indemnity or other payment,

and no Party shall be required to pay, or procure that there is paid, any additional amount to any other person in respect of any Tax chargeable on receipt (or deemed receipt) of any such sums.

34. NO DOUBLE RECOVERY

No party shall be entitled to receive damages, other compensation, reimbursement or otherwise (including under an adjustment pursuant to clause 7) more than once in respect of the same loss, item or otherwise and to the extent that any loss, item or otherwise has been compensated, reimbursed or otherwise following a claim, adjustment or otherwise under this agreement or any other Transaction Document, no party shall be entitled to bring a further claim or otherwise seek compensation in relation to that loss, item or otherwise under this agreement.

35. GENERAL

35.1 Each of the obligations, warranties and undertakings set out in this agreement (excluding any obligation which is fully performed at Completion) shall continue in force after Completion and shall not be affected by the waiver of any condition or any notice given by the relevant Party in respect of any condition.

35.2 Where any obligation, warranty or undertaking in this agreement is expressed to be made, undertaken or given by two or more parties, they shall be jointly and severally responsible in respect of it.

35.3 If there is any conflict between the terms of this agreement and any other Transaction Document, the terms of this agreement shall prevail.

35.4 Other than in relation to clause 7 (including Schedule 10) and clause 23.3, time is not of the essence in relation to any obligation under this agreement unless:

(a) time is expressly stated to be of the essence in relation to that obligation; or

(b) one Party fails to perform an obligation by the time specified in this agreement and the other Party/ies serve(s) a notice on the defaulting Party requiring it to perform the obligation by a specified time and stating that time is of the essence in relation to that obligation.

35.5 This agreement may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement, and any Party (including any duly authorised representative of a Party) may enter into this agreement by executing a counterpart. Faxed or scanned signatures are taken to be valid and binding to the same extent as original signatures. Delivery of a counterpart of this agreement by email attachment shall be an effective mode of delivery.

35.6 The rights of each Party under this agreement:

(a) may be exercised as often as necessary (in whole or in part);

(b) except as otherwise expressly provided in this agreement, are cumulative and not exclusive of rights and remedies provided by law; and

(c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right and will not affect any such right in relation to any other Party.

35.7 Nothing in this agreement or any other Transaction Document will be deemed to constitute a partnership between the parties or, unless this agreement expressly provides otherwise, make any Party the agent of any other Party for any purpose.

35.8 Except as otherwise expressly stated in this agreement, a person who is not a Party to this agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

35.9 No amendment of this agreement (or of any other Transaction Document) shall be valid unless it is in writing and duly executed by or on behalf of all of the Parties to it.

35.10 The Parties acknowledge and agree that nothing in this agreement (or any other Transaction Document) will require any other Party to carry out any act or make any omission that may constitute or result in an actual breach of any Economic Sanctions Law.

36. WHOLE AGREEMENT

36.1 This agreement and the other Transaction Documents contain the whole agreement between the Parties relating to the transactions contemplated by this agreement and the Transaction Documents and supersede all previous draft agreements, arrangements or understandings whether oral or in writing, between the Parties relating to these transactions.

36.2 Each Party:

(a) acknowledges that in agreeing to enter into this agreement and the other Transaction Documents it has not relied on any express or implied statement, representation, warranty, undertaking, collateral contract or other assurance, except those warranties and undertakings set out in this agreement and the other Transaction Documents, made by or on behalf of any other Party before the entering into of this agreement;

(b) waives all rights and remedies which, but for this clause 36.2, might otherwise be available to it arising under or in respect of any such express or implied statement, representation, warranty, undertaking, collateral contract or other assurance; and

(c) acknowledges that, except for any liability in respect of a breach of this agreement and the other Transaction Documents, no Party shall owe any duty of care or have any liability in tort or otherwise to the other Parties in relation to the subject matter of this agreement.

36.3 Nothing in this clause limits or excludes any liability for fraud or fraudulent misrepresentation.

37. INVALID TERMS

37.1 Each of the provisions of this agreement is severable.

37.2 If and to the extent that any provision of this agreement:

(a) is held to be, or becomes, invalid or unenforceable under the law of any jurisdiction; but

(b) would be valid, binding and enforceable if some part of the provision were deleted or amended,

then the provision shall apply with the minimum modifications necessary to make it valid, binding and enforceable and neither the validity or enforceability of the remaining provisions of this agreement, nor the validity or enforceability of that provision under the law of any other jurisdiction shall in any way be affected or impaired as a result of this clause 37.2.

38. JURISDICTION

38.1 Governing law of this clause

This clause 38 is governed by English law.

38.2 Jurisdiction

The English courts have exclusive jurisdiction to settle any Dispute and each Party irrevocably submits to the exclusive jurisdiction of the English courts, and irrevocably agrees that a judgment or order of the English courts in connection with this agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

38.3 Waiver of objections

For the purposes of clause 38.2, each Party waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

38.4 Service of process agent

Without prejudice to any other method of service permitted by law:

(a) each of VIP and the VIP Guarantor irrevocably appoints Law Debenture Corporate Services Limited of 5th Floor, Wood Street, London EC2V 7EX, England; and

(b) each of H3G II, HET and the HET Guarantor irrevocably appoints Hutchison Whampoa Agents (UK) Limited of Hutchison House, 5 Hester Road, London SW11 4AN, United Kingdom,

in each case as its agent in England and Wales for service of process and any other documents in relation to any Dispute. Subject to clause 38.5, each of the above Parties irrevocably undertakes not to revoke its agent’s authority; and any claim form, judgment or other notice of legal process shall be sufficiently served on such Party if delivered to its agent at its address for the time being.

38.5 Alternative service of process agent

If any person appointed as process agent under clause 38.4 is unable for any reason to so act, the relevant Party shall immediately (and in any event within ten Business Days of the event taking place) appoint another agent in England and Wales for service of process in relation to any Dispute and notify the other Parties of such appointment. Failing this, any other Party may appoint another process agent for this purpose at the relevant Party’s expense.

38.6 **Failure of notify by process agent**

Each Party agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings.

39. GOVERNING LAW

This agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

40. LANGUAGE

The language of this agreement, the other Transaction Documents and the transactions envisaged by it is English and all notices to be given in connection with this agreement must be in English. All demands, requests, statements, certificates or other documents or communications to be provided in connection with this agreement, the other Transaction Documents and the transactions envisaged by it must be in English or accompanied by a certified English translation; in this case the English translation prevails unless the document or communication is a statutory or other official document or communication.

IN WITNESS of which this agreement has been executed on the date which appears first on page 1.

SCHEDULE 1

CORPORATE DETAILS

PART 1

CORE WIND GROUP COMPANIES

Name:	Wind Acquisition Holdings Finance S.p.A.
Issued Share Capital:	EUR 43,162,100.00 (43,162,100 ordinary shares without nominal value).
Shareholders:	Wind Telecom S.p.A.
Directors:	1. Alexander Dean Lemke (Chairman)
	2. Albert Hollema (Board member)
	3. Colin Godfrey Delahay (Board member)
Secretary:	Not applicable.
Registered office:	Via Cesare Giulio Viola 48, 00148, Rome (Italy).
Company number:	Fiscal code, VAT Number and registration number with the Companies' Register of Rome: 08607091009.
	REA number No. RM – 1105755.
Date and place of incorporation:	21 July 2005, Italy.
Accounting reference date:	31 December.
Auditors:	1. Giancarlo Russo Corvace – Chairman of the Board of Statutory Auditors
	2. Maurizio Paternò di Montecupo – Effective Statutory Auditor
	3. Roberto Antonio Maria Colussi – Effective Statutory Auditor
	4. Lelio Fornabaio – Deputy Statutory Auditor
	5. Stefano Zambelli – Deputy Statutory Auditor

Name:	Wind Telecomunicazioni S.p.A.
Issued Share Capital:	EUR 147,100,000.00, entirely paid in and divided into 146,100,000 shares.
Shareholders:	Wind Acquisition Holdings Finance S.p.A.
Directors:	1. Andrew Mark Davies (Chairman)
	2. Maximo Ibarra (Chief Executive Officer)
	3. Albert Hollema (Board member)
	4. Vincenzo Nesci (Board member)
	5. Alex Lemke (Co-opted Board member)
Secretary:	Not applicable.
Registered office:	Via Cesare Giulio Viola 48, 00148, Roma.
Company number:	Fiscal code, VAT number and registration number with the Companies' Register of Rome: 05410741002.
	REA number No. RM – 884361.
Date and place of incorporation:	25 November 1997, Italy.
Accounting reference date:	31 December of each year.
Auditors:	1. Giancarlo Russo Corvace – Chairman of the Board of Statutory Auditors
	2. Maurizio Paternò di Montecupo – Effective Statutory Auditor
	3. Roberto Colussi – Effective Statutory Auditor
	4. Lelio Fornabaio – Deputy Statutory Auditor
	5. Stefano Zambelli – Deputy Statutory Auditor.

Name:	Wind Retail S.r.l.
Issued Share Capital:	EUR 1,026,957.00, entirely paid in and divided into quotas.
Shareholders:	Wind Telecomunicazioni S.p.A.
Directors:	1. Mauro Accroglianò (Chairman and Chief Executive Officer)
	2. Elisabetta Federico (Board member)
	3. Giorgio De Guzzis (Board member)
Secretary:	Not applicable.
Registered office:	Via Cesare Giulio Viola 48, 00148, Roma.
Company number:	Fiscal code, VAT number and registration number with the Companies' Register of Rome No. 06605380960.
	REA number No. RM – 1241223.
Date and place of incorporation:	30 April 2009, Italy.
Accounting reference date:	31 December of each year.
Auditors:	1. Giancarlo Russo Corvace – Chairman of the Board of Statutory Auditors
	2. Maurizio Paternò di Montecupo – Effective Statutory Auditor
	3. Roberto Antonio Maria Colussi – Effective Statutory Auditor
	4. Lelio Fornabaio – Deputy Statutory Auditor
	5. Francesco Orioli – Deputy Statutory Auditor

Name:	Wind Acquisition Finance S.A.
Issued Share Capital:	EUR 60,031,000.00
Shareholders:	1. Wind Telecomunicazioni S.p.A.
Directors:	1. Riccardo Marsili
	2. David Catala
	3. Sophie Perrin Janet
	4. Everadus Johannes Hendriks
	5. Ludovic Trogliero
	6. Hugo Froment
	7. Albert Hollema
Secretary:	Not applicable.
Registered office:	18-20 rue Edward Steichen, L-2540 Luxembourg.
Company number:	B109825
Date and place of incorporation:	29 July 2005, Luxembourg
Accounting reference date:	31 December
Auditors:	PwC Luxembourg.

PART 2

3 ITALIA GROUP COMPANIES

Name:	Hutchison 3 G Italy Investments S.à r.l.
Issued Share Capital:	€2,758,939,525.00
Shareholders:	Hutchison Europe Telecommunications S.à r.l.
Directors:	1. Neil McGee
	2. Thomas Geiger
	3. Christian Salbaing
	4. Richard Chan
	5. Susan Chow
	6. Frank Sixt
Secretary:	Not applicable.
Registered office:	7, rue du Marché-aux-Herbes, L-1728 Luxembourg, Grand Duchy of Luxembourg
Company number:	B 77457
Date and place of incorporation:	4 August 2000, Luxembourg
Accounting reference date:	31 December
Auditors:	Not applicable

Name:	3 Italia S.p.A.
Issued Share Capital:	EUR 3,047,759,290.00, entirely paid in and divided into 1,302,543,090 shares.
Shareholders:	1. H3G Italy Investments S.à r.l., 97.41% (1,268,858,208 shares)
	2. Private Equity International SA, 2.59% (33,684,882 shares)
Directors:	1. Fok Kin Ning Canning – Chairman of the Board of Directors
	2. Vincenzo Novari – Managing Director
	3. Edith Shih – Director
	4. Christian Nicolas Roger Salbaing – Director
	5. Tzar Kuor Victor Li – Director
	6. Frank John Sixt – Director
	7. Susan Mo Fong Chow – Director
	8. Secondina Giulia Ravera – Director
	9. Antonella Ambriola – Director
	8. Stefano Invernizzi – Director
	9. Neil Douglas McGee – Director.
Secretary:	Not applicable.
Registered office:	Via Leonardo Da Vinci 1, 20090, Trezzano sul Naviglio, Milan (Italy).
Company number:	Fiscal code and registration number with the Companies' Register of Milan: 02547170924.
	VAT number: 13386850153.
	REA number No. MI – 1610887.
Date and place of incorporation:	17 November 1999.
Accounting reference date:	31 December.
Auditors:	1. Marcello Romano – Chairman of the Board of Statutory Auditors
	2. Andrea Zini – Effective Statutory Auditor
	3. Lorenzo Pozza – Effective Statutory Auditor
	4. Luca Occhetta – Deputy Statutory Auditor
	5. Manuel Menis – Deputy Statutory Auditor

Name:	H3G S.p.A.
Issued Share Capital:	EUR 474,303,795.00, entirely paid in and divided into 94,860,759 shares
Shareholders:	3 Italia S.p.A.
Directors:	1. Fok Kin Ning Canning – Chairman of the Board of Directors
	2. Vincenzo Novari – Managing Director
	3. Edith Shih – Director
	4. Christian Nicolas Roger Salbaing – Director
	5. Frank John Sixt – Director
	6. Secondina Giulia Ravera – Director
	7. Antonella Ambriola – Director
	8. Stefano Invernizzi – Director
Secretary:	Not applicable
Registered office:	Via Leonardo Da Vinci 1, 20090, Trezzano sul Naviglio, Milan (Italy).
Company number:	Fiscal code and registration number with the Companies' Register of Milan: 02517580920
	VAT number: 13378520152
	REA number No. MI – 1638878
Date and place of incorporation:	23 April 1999, Italy
Accounting reference date:	31 December
Auditors:	1. Marcello Romano – Chairman of the Board of Statutory Auditors
	2. Andrea Zini – Effective Statutory Auditor
	3. Lorenzo Pozza– Effective Statutory Auditor
	4.Luca Occhetta – Deputy Statutory Auditor
	5. Manuel Menis – Deputy Statutory Auditor

Name:	3Lettronica Industriale S.p.A.
Issued Share Capital:	EUR 16,000,000.00, entirely paid in and divided into 16,000,000 shares
Shareholders:	H3G S.p.A. (100%)
Directors:	1. Antongiulio Lombardi – Chairman of the Board of Directors
	2. Secondina Giulia Ravera – Managing Director
	3. Edith Shih – Director
	4. Fabio Missori – Director
	5. Antonella Ambriola – Director
	6. Claudia Capelli – Director
Secretary:	Not applicable
Registered office:	Via Leonardo Da Vinci 1, 20090, Trezzano sul Naviglio, Milan (Italy).
Company number:	Fiscal code and registration number with the Companies' Register of Milan: 01745470169
	VAT number: 02730610967
	REA number No. MI – 1355577
Date and place of incorporation:	13 January 1987, Italy
Accounting reference date:	31 December
Auditors:	1. Marcello Romano – Chairman
	2. Andrea Zini – Effective Statutory Auditor
	3. Lorenzo Pozza – Effective Statutory Auditor
	4. Luca Occhetta– Deputy Statutory Auditor
	5. Manuel Menis – Deputy Statutory Auditor

SCHEDULE 2

DEED OF ADHERENCE

THIS DEED is made on [●]

BY: [●] of [●] (the **Company**).

IN FAVOUR OF: Those persons specified in paragraph 3 of this deed.

BACKGROUND:

(A) The Company was incorporated on [●].

(B) This agreement is made by the Company in compliance with clause [2] of the Contribution and Framework Agreement (the **CFA**) dated [●] made between, amongst others, VimpelCom Amsterdam B.V., VimpelCom Ltd, Hutchison Europe Telecommunications S.à r.l., CK Hutchison Holdings Limited and Hutchison 3G Italy Investments S.à r.l.

THIS DEED WITNESSES as follows:

1. The Company confirms that it has been supplied with a copy of the CFA.

2. The Company undertakes to be bound by the CFA in all respects as if the Company was a Party to the CFA and named in it as a Company and to observe and perform all the provisions and obligations of the CFA applicable to or binding on the Company under the CFA insofar as they fall to be observed or performed on or after the date of this deed.

3. This deed is made for the benefit of:

   (a) the Parties to the CFA; and

   (b) every other person who after the date of the CFA (and whether before or after the execution of this deed) assumes any rights or obligations under the CFA or accedes to it.

4. The notice details of the Company for the purposes of clause 29 of the CFA are as follows:

   Address: [●]
   Email: [●]
   For the attention of: [●]

5. This deed and any non-contractual obligations arising out of or in connection with it are governed by the law of England.

6. Any dispute, claim, difference or controversy arising out of, relating to or having any connection with this deed, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it shall be settled in accordance with clause 38 of the CFA, which is deemed to be incorporated in full into this deed *mutatis mutandis*, and for the purposes of clause 38.4 of the CFA as incorporated into this deed, the Company irrevocably appoints [●] of [●] as its agent in England for service of process in relation to any such dispute.

IN WITNESS of which this deed has been executed and has been delivered on the date which appears first on page 1.

EXECUTED as a **DEED** by [**COMPANY**])

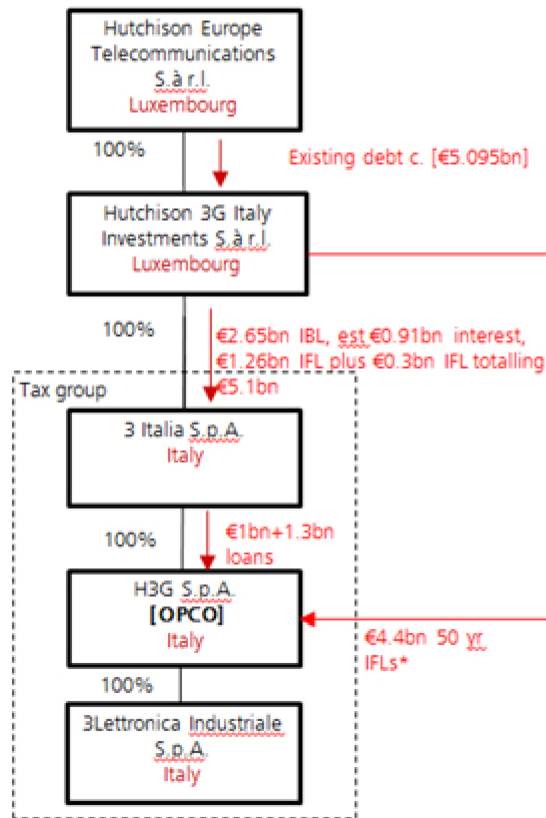
Signature of director	Signature of [director]/[company secretary][witness]
Name of director	Name of [director]/[company secretary][witness]

SCHEDULE 3

CORPORATE AND DEBT STRUCTURES

PART 1

3 ITALIA GROUP CORPORATE AND DEBT STRUCTURE



IBL - Interest bearing loan

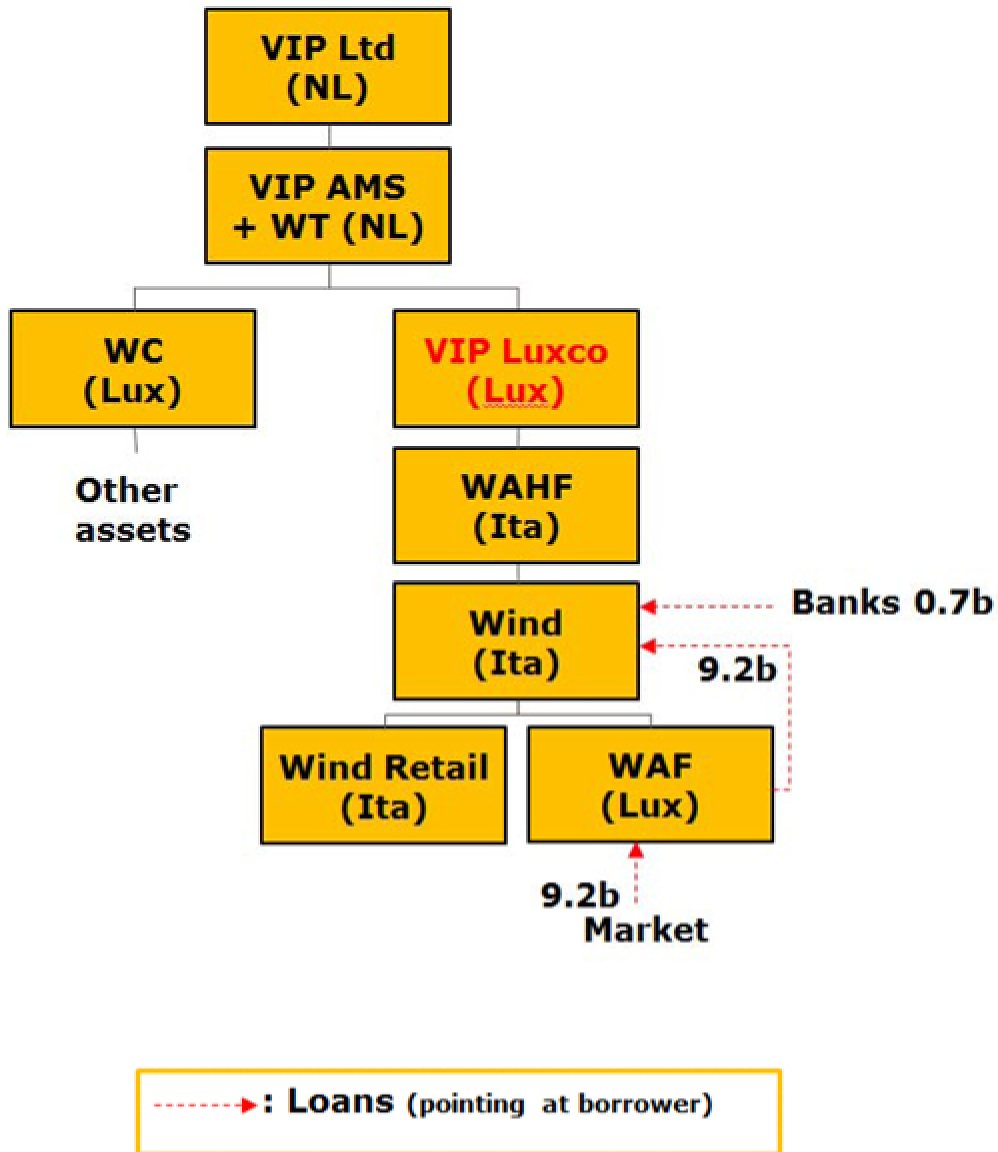
IFL - Interest free loan

* The 50yr IFLs may be restructured pre-completion.

Note: All loan amounts are indicative estimates as at Completion assuming Completion occurs in June 2016. All numbers to be confirmed and are subject to impacts of subordination and/or any pre-completion debt restructuring. In addition to the intercompany loans shown there will be outstanding intercompany guarantee fees payable from H3GII and/or 3 Italia SpA to the HET Guarantor or one of its Subsidiaries (other than the 3 Italia Group) for an amount of €60m.

PART 2

WIND GROUP CORPORATE AND DEBT STRUCTURE



Comments:

- Core Wind Group Companies only.
- Does not show Wind Minority Companies or Wind Dormant Companies.
- All numbers are indicative estimates, and subject to: (i) currency movements; and (ii) actions and omissions permitted or required prior to or at Completion under this agreement.

SCHEDULE 4

VIP WARRANTIES

1. Ownership of the Contribution Shares

1.1 The WAHF Shares constitute 100% of the issued and allotted share capital of WAHF, are fully paid up and have been properly and validly allotted. There is no Encumbrance on, over or affecting any of the WAHF Shares.

1.2 The WAHF Shares are at the date of this agreement legally and beneficially owned by Wind Telecom S.p.A., and Wind Telecom S.p.A. will be entitled to transfer or procure the transfer of the full legal and beneficial ownership in the WAHF Shares to VIP LuxCo prior to Completion.

1.3 The WAHF Shares will at the date of Completion be legally and beneficially owned by VIP LuxCo, and VIP will be entitled to transfer or procure the transfer of the full legal and beneficial ownership in the WAHF Shares to H3G II on the terms and subject to the conditions set out in this agreement.

1.4 Neither VIP, VIP LuxCo nor any member of the Wind Group is under any obligation (whether actual or contingent) to sell, charge or otherwise dispose of any of the WAHF Shares (other than pursuant to this agreement or the transactions contemplated by it).

1.5 Other than this agreement, there is no agreement, arrangement or obligation requiring the creation, allotment, issue, sale, transfer, redemption or repayment of, or the grant to a person of the right (conditional or not) to require the allotment, issue, sale, transfer, redemption or repayment of, any WAHF Shares or any of the shares in the capital of any Subsidiary of WAHF (including an option or right of pre-emption or conversion).

1.6 No WAHF Share has been issued and no transfer of WAHF Shares has been registered otherwise than in accordance with the articles of association of WAHF from time to time in force and all such transfers have been duly stamped unless a valid exemption applies to any such transfer.

1.7 VIP owns 100% of the issued and allotted share capital of VIP LuxCo.

2. Subsidiaries and associates

2.1 The shares, details of which are set out opposite “issued capital” under the relevant Core Wind Group Company’s name in Part 1 of Schedule 1, constitute the whole of the issued and allotted share capital of that Core Wind Group Company, are fully paid (or properly credited as fully paid), have been properly and validly allotted, are legally and beneficially owned by VIP or another wholly-owned member of the Core Wind Group, and are free from all Encumbrances.

2.2 No Core Wind Group Company is the holder or beneficial owner of, nor has agreed to acquire, any shares of any corporation other than the Wind Group Companies and the Wind Dormant Companies.

2.3 Neither VIP, VIP LuxCo nor any member of the Wind Group is under any obligation (whether actual or contingent) to sell, charge or otherwise dispose of any of the WAHF Shares or any of the shares in the capital of any Subsidiary of WAHF, or any interest therein, to any person.

2.4 No shares in the capital of the Core Wind Group Companies have been issued and no transfer of shares in the capital of the Core Wind Group Companies has been registered otherwise than in accordance with the articles of association of the relevant Core Wind Group Company from time to time in force and all such transfers have been duly stamped unless a valid exemption applies to any such transfer.

3. Incorporation of the Core Wind Group Companies and extraordinary transactions

3.1 Each Core Wind Group Company is validly existing under the laws of the country in which it is incorporated or formed and has all requisite corporate or partnership powers and authority to conduct its business as presently conducted and to own its assets and properties as presently owned, and as contemplated to be owned upon Completion.

3.2 There are no outstanding contractual payment obligations for any Core Wind Group Company deriving from any completed or contemplated acquisition or disposal of all or part of a business or any shareholding, partnership or other equity or participation interest by, of or in any Core Wind Group Company, in each case for a consideration exceeding EUR 10,000,000 or equivalent having taken place since 1 January 2012.

4. Wind Minority Companies

So far as VIP is aware, there is no fact, matter or circumstance which could result in any liability or obligation of a Core Wind Group Company arising in respect of any Equity Interest that any Core Wind Group Company holds or held in any Wind Minority Company.

5. Capacity and consequences of entering into this agreement

5.1 Each of VIP, VIP LuxCo, the VIP Guarantor and the Core Wind Group Companies has the power and authority to execute and deliver this agreement and any of the other Transaction Documents to which it is or will be a party and to perform its obligations under each of them and has taken all action necessary and obtained all corporate authorisations necessary to authorise such execution and delivery and the performance of such obligations.

5.2 The execution and delivery by each of VIP, VIP LuxCo, the VIP Guarantor and the Core Wind Group Companies of this agreement or any of the other Transaction Documents to which it is or will be a party and the performance of the obligations under it and each of them do not and will not:

(a) in any material respects conflict with or constitute a default or breach under any provision of:

(i) its articles of association, by-laws or equivalent constitutional documents; or

(ii) any applicable law or regulation by which it or a member of the Core Wind Group is bound; or

(iii) any order, decree or judgment of any court or any governmental or regulatory authority in any jurisdiction by it or a member of the Core Wind Group is bound; or

(b) result in the creation or imposition of any Encumbrance over any of the WAHF Shares, shares of any Core Wind Group Company, or any of the property or assets of any Core Wind Group Company pursuant to the terms of any agreement or instrument to which it or any member of the Core Wind Group is party.

6. Valid obligations

This agreement and the other Transaction Documents (other than the Completion FinCo Articles and the Completion H3G II Articles) constitute or will, when executed by VIP, VIP LuxCo, the VIP Guarantor or a member of the Core Wind Group (as applicable), constitute legal, valid and binding obligations, enforceable against such party in accordance with their terms.

7. Solvency

7.1 No administrator has been appointed in respect of the whole or any part of the assets or undertaking of VIP, VIP LuxCo, Wind Telecom S.p.A., the VIP Guarantor or any Core Wind Group Company, nor has any order been made by or petition presented or application made for the appointment of an administrator in respect of any of VIP, VIP LuxCo, Wind Telecom S.p.A., the VIP Guarantor or the Core Wind Group Companies. No documents have been filed with the court for the appointment of such an administrator and so far as VIP is aware nor has any notice of intention to appoint such an administrator been given by any such person.

7.2 No receiver or administrative receiver has been appointed, nor any notice given of the appointment of any such person in respect of the whole or any part of the assets or undertaking of VIP, VIP LuxCo, Wind Telecom S.p.A., the VIP Guarantor or any Core Wind Group Company.

7.3 No order has been made, meeting convened and no resolution has been passed for the winding up of VIP, VIP LuxCo, Wind Telecom S.p.A., the VIP Guarantor or any Core Wind Group Company or for the appointment of a liquidator or provisional liquidator to VIP, VIP LuxCo, Wind Telecom S.p.A., the VIP Guarantor or any Core Wind Group Company and, so far as VIP is aware, no petition has been presented for that purpose.

7.4 Neither VIP, VIP LuxCo, Wind Telecom S.p.A., the VIP Guarantor nor any Core Wind Group Company is insolvent or unable to pay its debts and neither VIP, VIP LuxCo, Wind Telecom S.p.A., the VIP Guarantor nor any Core Wind Group Company has stopped paying its debts as they fall due and each of VIP, VIP LuxCo, Wind Telecom S.p.A., the VIP Guarantor and the Wind Group has no unsatisfied judgment or court order outstanding against it and is capable of meeting its liabilities as and when they fall due.

7.5 No voluntary arrangement, moratorium of any indebtedness, compromise or similar arrangement with creditors has been proposed, agreed or sanctioned in respect of VIP, VIP LuxCo, Wind Telecom S.p.A., the VIP Guarantor or a Core Wind Group Company.

7.6 Outside the Republic of Italy and the Grand Duchy of Luxembourg, no event or circumstance has occurred or exists analogous to those described in paragraphs 7.1 to 7.5 in respect of VIP, VIP LuxCo, Wind Telecom S.p.A., the VIP Guarantor or any Core Wind Group Company in any applicable jurisdiction.

7.7 All material charges in favour of each Core Wind Group Company required to be registered have been so registered to comply with all necessary formalities as to the registration or otherwise in any applicable jurisdiction.

8. Statutory books, records, memoranda, articles of association and filings

8.1 Each of the Core Wind Group Companies has at all times carried on business and conducted its affairs in all material respects in accordance with its memorandum and articles of association (or equivalent documents) for the time being in force.

8.2 The statutory books (including all registers and minute books) of each of the Core Wind Group Companies required to be kept by applicable law in its jurisdiction of incorporation have in all material respects been properly kept, reflect all material transactions carried out by the relevant company and comprise in all material respects accurate and complete records of the matters with which they should deal and there has been no notice of any proceedings to correct or rectify any such statutory books (including all registers and minute books). The shareholders' ledger of each Wind Group Company (where applicable) accurately reflect the ownership of the relevant shareholding.

8.3 None of the Core Wind Group Companies is currently in default in the filing of any accounts, documents or returns required by any applicable law (including, for the avoidance of doubt, regulations, directives, statutes and legislations) to be delivered or made by any of the Core Wind Group Companies to any competent authority.

8.4 The statutory books (including all registers and minute books) of each Core Wind Group Company are in their possession or under their control.

8.5 The copies of the memorandum and articles of association (or equivalent document) of each of the Core Wind Group Companies included in the Wind Data Room are complete and accurate in all material respects.

9. Filings and consents

9.1 Except to the extent relevant to the conditions precedent set out in clause 9.1, each of VIP, VIP LuxCo, the VIP Guarantor and the Core Wind Group Companies has obtained all governmental, statutory, regulatory or other consents, licences, authorisations, waivers or exemptions required to execute, deliver and perform its obligations under this agreement or any of the other Transaction Documents to which it is or will be a party.

9.2 Other than as contemplated by this agreement:

(a) no governmental, statutory or regulatory announcement, consultations, notices, reports or filings are required to be made by VIP, VIP LuxCo, the VIP Guarantor or a member of the Core Wind Group in connection with the transactions contemplated by this agreement or any of the other Transaction Documents; and

(b) no consents, approvals, registrations, authorisations, licences, orders, grants, permissions, waivers, exemptions or permits are required to be obtained by VIP, VIP LuxCo, the VIP Guarantor or a member of the Core Wind Group in connection with the execution and performance of this agreement or any of the other Transaction Documents,

where a failure to make or obtain such notices or approvals contemplated above would (i) have a Material Adverse Effect or (ii) prevent, delay or make illegal or invalid the execution or performance of this agreement or any of the Transaction Documents.

9.3 To its knowledge, no announcement, circular or disclosure of the terms of any Transaction Document is required to be made or despatched by VIP, VIP LuxCo or the VIP Guarantor in connection with the transactions contemplated by this agreement other than pursuant to its Agreed Press Release.

For the avoidance of doubt, clause 11.5 applies to this paragraph 9.

10. Compliance with laws

10.1 No Core Wind Group Company has, since 1 January 2012, received written notice from any supranational, national or local governmental, administrative or regulatory body or any public prosecutor or enforcement agency that it is in material violation of, or in material default with respect to, any applicable Law or any decision or judgment of any court or any such body or agency having jurisdiction over such Core Wind Group Company, including an Economic Sanctions Law.

10.2 In connection with the businesses of the Core Wind Group and this agreement, no Core Wind Group Company nor any of their respective directors, officers or employees nor, so far as VIP is aware, any of their respective agents or affiliates:
(a) have made, offered or promised to make any payment, gift, bribe, kickback or other transfer of anything of value to any Government Official, directly or

indirectly, for purposes of obtaining or influencing official actions or decisions or securing any improper advantage (a **Prohibited Payment**), or (b) have engaged in acts or transactions otherwise in violation of applicable Anti-corruption Laws, or (c) have caused or shall cause any other person to violate, or incur any liability in connection with, any Anti-corruption Law, or (d) since 1 January 2012 have engaged or is engaging in any activity, practice or conduct (or failure to act) which would constitute a crime under any applicable law, in each case which may trigger or give rise to a liability of that Core Wind Group Company. Each Core Wind Group Company has in place adequate procedures designed to ensure that its respective owners, shareholders, directors, officers, employees and agents acting on behalf of any of the foregoing comply with all applicable Anti-corruption Laws, including the adoption and effective implementation of an adequate Organizational Model under, and for purposes of, the Italian Legislative Decree no. 231 of 2001 and do not make any Prohibited Payments.

10.3 None of the owners or investors (including any and all ultimate beneficial owners), shareholders, officers, directors or employees nor, so far as VIP is aware, the agents or affiliates, of the Core Wind Group is a Government Official, is an immediate family member of a Government Official, or is acting on behalf of or shares a financial interest in the transactions established by this agreement with any Government Official. No Government Official has control over the Core Wind Group or any of their Affiliates, and no Government Official has any direct or indirect ownership of or interest in the monies, proceeds, or other benefits that may arise from the transactions established by this agreement or related agreements.

10.4 So far as VIP is aware, no Core Wind Group Company nor any director, officer, employee or agent of any Core Wind Group Company has engaged or is engaging in any activity, practice or conduct (or failure to act) which would constitute a violation or an offence under any applicable Anti-corruption Laws, Anti-money Laundering Laws or Economic Sanctions Laws or any criminal laws which triggers or gives rise to a liability of that Core Wind Group Company. Each Core Wind Group Company has in place adequate procedures designed to prevent any of the above individuals or entities from undertaking any such conduct, including the adoption and effective implementation of an adequate Organizational Model under, and for purposes of, the Italian Legislative Decree no. 231 of 2001.

10.5 Since 1 January 2012, no Core Wind Group Company nor any director, officer, employee or, so far as VIP is aware, agent of any Core Wind Group Company is or has been the subject of any investigation, inquiry or enforcement proceedings by any supranational, national or local governmental, administrative or regulatory body or any public prosecutor, court or enforcement agency or any customer regarding any offence or alleged offence under any applicable competition, anti-bribery and/or anti-money laundering laws or rules and which triggers or gives rise to a liability of that Core Wind Group Company, and no such investigation, inquiry or proceedings have been threatened in writing and, so far as VIP is aware, there are no circumstances reasonably likely to give rise to any such investigation, inquiry or proceedings.

For the avoidance of doubt, clause 11.5 applies to this paragraph 10.

11. Fundamental Regulatory Licences

11.1 Save as agreed by the Shareholders to be disposed of, the Core Wind Group Companies possess all the Fundamental Wind Group Licences and the same have been obtained and are valid and subsisting and no notice or allegation of breach in respect of the Fundamental Wind Group Licences has been received from any third party.

11.2 The Core Wind Group Companies are compliant with all regulatory obligations in connection with the Fundamental Wind Group Licences including, but not limited to, those mentioned under AGCOM's resolution No. 621/11/CONS (such as: (a) obligation of transparency, (b) obligation of non-discrimination, (c) obligations of access to and use of specific network facilities, and (d)

obligation of price control and cost accounting) in the market of voice call termination on individual mobile networks, and those mentioned under AGCOM's resolution no. 179/10/CONS (such as: (a) obligation of transparency, (b) obligation of non-discrimination, and (c) obligation of price control) in the market of fixed network termination, and related subsequent updates.

12. Regulatory

12.1 Save as agreed by the Shareholders to be disposed of, the Core Wind Group Companies possess all Non-Fundamental Wind Group Licences and the same have been obtained and are valid and subsisting and no notice or allegation of breach in respect of the Non-Fundamental Wind Group Licences has been received from any third party.

12.2 The Core Wind Group Companies are compliant with all regulatory obligations in connection with the Non-Fundamental Wind Group Licences.

13. Material Contracts

13.1 The Wind Data Room includes full and accurate copies of all Material Contracts relevant to the Core Wind Group.

13.2 No Core Wind Group Company is a party to any Material Contract which is under notice of material breach, invalidity or termination, such notice not being frivolous or vexatious, and, so far as VIP is aware, other than in respect of the transactions contemplated by the Transaction Documents, no event has occurred which would entitle any third party or the relevant Core Wind Group Company to give such notice.

13.3 No Material Contract was entered into by a Core Wind Group Company otherwise than (a) in the ordinary course of business and (b) on arm's length terms. Each Material Contract entered into by a Core Wind Group Company has been duly executed by the parties thereto, and constitutes the legal, valid, binding and enforceable obligation of the Core Wind Group Company concerned in accordance with its terms, and so far as VIP is aware, is legal, valid and binding upon each of the other parties to such Material Contract.

14. Intercompany Agreements

14.1 The Wind Data Room lists all of the agreements and arrangements, in whatever form (including de facto relationships and agreements entered into verbally) in force as of the date of this agreement between the Core Wind Group Companies and current or former related parties, as defined by IAS 24 (other than between related parties that are Core Wind Group Companies) (the **Wind Intercompany Agreements**).

14.2 No Wind Intercompany Agreement was entered into by a Core Wind Group Company otherwise than (a) in the ordinary course of business and (b) on arm's length terms.

14.3 No Core Wind Group Company is in breach of a Wind Intercompany Agreement and no circumstances exist which is likely to give rise to such a breach. There are no claims outstanding against a Core Wind Group Company in relation to any Wind Intercompany Agreement.

15. Employees

15.1 The Wind Data Room includes:

(a) full and accurate anonymised compensation details of all Wind Senior Managers;

(b) an outline of all principal benefits of all employees of the Core Wind Group Companies; and

(c) standard form contracts which are the standard terms and conditions upon which employees of the Core Wind Group Companies (other than those of the Wind Senior Managers) are employed or have been offered employment.

15.2 The Core Wind Group Companies have, since 1 January 2012, complied in all material respects with their obligations to employees under applicable European and domestic legislation (including applicable minimum wage, immigration, health and safety and compulsory and complementary health insurance and/or social security legislation), regulations, terms and conditions of employment and other agreements and arrangements, including all applicable collective bargaining agreements.

15.3 Since 1 June 2012, no material claim has been issued against any Core Wind Group Company by any of its employees in respect of their employment which, if adversely determined, would, alone or together with any other such material claim(s), result in a liability of a Core Wind Group Company in excess of EUR 10,000,000.

15.4 None of the employees and/or director and/or officers of any Core Wind Group Company is entitled to (a) any bonuses and/or extraordinary payments triggered by the transactions contemplated by the Transaction Documents; (b) any incentive plan, including stock options and equity-linked benefits other than under the VIP Group's value based growth cash based long-term incentive plan dated 9 February 2015; and/or (c) pre-agreed payments which are payable in the event of the termination of their working relationships with a Core Wind Group Company in each case in excess of EUR 1,000,000.

15.5 No Core Wind Group Company has received from any employee any notice announcing or threatening the filing of claims for damages, different qualification or additional compensation from the relevant Core Wind Group Company, including the fair award provided for under article 64, section 2 of Legislative Decree 10 February 2005, no. 30, or to apply for re-hiring on the grounds of, inter alia, illegitimate termination of their employment.

15.6 There are no persons (other than the current employees of the Core Wind Group Companies) who currently render, or rendered, services to any of the Core Wind Group Companies, who claimed, or may claim, that they should be qualified as employees of any of the Core Wind Group Companies which, if adversely determined, would, alone or together with any other such material claim(s), result in a liability of a Core Wind Group Company in excess of EUR 10,000,000.

15.7 Each collective agreement between any of the Core Wind Group Companies and any trade union, staff association, works council or any other body representing workers has been established in accordance with Italian law and the Core Wind Group Companies have fully complied with the same.

16. Pensions

16.1 No Core Wind Group Company:

(a) is a party to nor participates in nor contributes to any scheme, agreement or arrangement (whether legally enforceable or not) for the provision of any pension, retirement, death, incapacity, disability, or other like benefits for any employee or for the widow, widower, child or dependant of any employee;

(b) has given any undertaking or assurance (whether legally enforceable or not) as to the continuance, introduction, improvement or increase of any benefit of a kind described above or is paying or has in the last two years paid any such benefit to (in either case) any employee or any widow, widower, child or dependant of any employee.

16.2 All material details of any Wind Scheme, including all Wind Scheme Documents, in respect of the Core Wind Group are included in the Wind Data Room.

16.3 Each Core Wind Group Company has complied with all its obligations under the Wind Scheme Documents and all codes of practice and laws applicable to such Wind Scheme Documents.

16.4 All the mandatory and/or complementary pension and/or healthcare schemes joined by the employees of any of the Core Wind Group Companies are defined contribution with no refunding obligations for any of the Core Wind Group Companies.

17. Litigation

No Core Wind Group Company is aware of any material litigation, arbitration or administrative proceeding which is in progress to which it is a defendant in or otherwise a party to and which, if adversely determined, would, on a standalone basis or in the aggregate with other proceedings of the same or similar nature, (a) result in a judgment in excess of EUR 10,000,000, (b) have a Material Adverse Effect, or (c) prevent, delay or make illegal or invalid the execution or performance of this agreement or any of the Transaction Documents. So far as VIP is aware, no such proceeding has been filed or has been threatened in writing against any Core Wind Group Company. There is no outstanding obligation in excess of EUR 10,000,000 upon any Core Wind Group Company arising from any settlement of any material proceedings or any other material claim.

18. Accounts

18.1 The Wind Accounts:

(a) were prepared in accordance with all applicable law and accounting principles and practices generally accepted in Italy and Luxembourg at the Wind Accounts Date; and

(b) have been prepared on the same bases and policies of accounting as the published statutory accounts of VIP or the relevant Core Wind Group Company to which they refer, consistently applied, for the preceding accounting reference period;

(c) have been validly approved by each Core Wind Group Company in accordance with all applicable laws;

(d) have been audited by:

(i) KPMG S.p.A. for the years ended 31 December 2009 and 31 December 2010;

(ii) Reconta Ernst & Young S.p.A. for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013; and

(iii) PricewaterhouseCoopers S.p.A. for the year ended 31 December 2014; and

(e) except as expressly described therein, are not affected by any material exceptional items.

18.2 All the formalities (also including the relevant disclosures) provided for by any applicable laws have been duly, fully and timely carried out.

19. Management Accounts

The unaudited management accounts of the Core Wind Group Companies for the period since the Wind Accounts Date (the **Wind Management Accounts**) have been prepared in good faith on a basis consistent with the basis employed in such accounts for the immediately preceding 12 months.

20. Changes since the Wind Accounts Date

Since the Wind Accounts Date:

(a) the Core Wind Group Companies have carried on their business in the ordinary and usual course so as to maintain the business as a going concern;

(b) no substantial supplier, distributor, agent, business finder or customer has ceased or substantially reduced its trade with the Core Wind Group Companies so as to cause a Material Adverse Effect;

(c) no Core Wind Group Company has declared, paid or made a dividend or other distribution (whether in cash, stock or in kind);

(d) no resolution of the shareholder of any Core Wind Group Company in its capacity as a shareholder of a Core Wind Group Company has been passed;

(e) no Core Wind Group Company has issued or agreed to issue any share or loan capital or other similar interest;

(f) no Core Wind Group Company has repaid or redeemed share or loan capital, or made (whether or not subject to conditions) an agreement or undertaken an obligation to do any of those things;

(g) no change has occurred in the accounting methods, principles or practices applied by a Core Wind Group Company and there has been no revaluation by any Core Wind Group Company of any of its assets; and

(h) there has been no material damage, destruction or loss, whether or not covered by insurance, affecting the assets, properties or business of any Core Wind Group Company.

21. Indebtedness

21.1 No Core Wind Group Company has outstanding any External Debt other than that which is Fairly Disclosed in the Wind Accounts or the Wind Management Accounts.

21.2 No Core Wind Group Company has since the Wind Accounts Date repaid, or become liable to repay, any External Debt in advance of its normal or originally stated maturity and no External Debt has become capable of being declared due and payable or has been declared on demand before its normal or originally stated maturity and no Encumbrance in relation to such External Debt has become enforceable or has been enforced and, no event has occurred which is an event of default (or an event or circumstance which would with the expiry of a grace period, the giving of notice, the making of any determination under the relevant document or any combination of any of the foregoing be an event of default) under or breach of any terms of any External Debt of any Core Wind Group Company, in each case which entitles the lender in respect of such arrangement to require the relevant Core Wind Group Company to repay the relevant External Debt prior to its normal or originally stated maturity.

21.3 No Core Wind Group Company has outstanding any obligations in respect of a derivative transaction, including any foreign exchange transaction, other than under the hedging agreements set out in Schedule 12 to this agreement.

21.4 No Core Wind Group Company is subject to any arrangement for receipt or repayment of any grant, subsidy, or financial assistance from any governmental department or other body.

21.5 No Core Wind Group Company has lent any money or is otherwise a creditor in respect of an External Debt other than in the ordinary course of its trade or, provided that such agreement has been entered into in compliance with the Wind Facilities Agreement, to another Core Wind Group Company (in an aggregate amount that has been Fairly Disclosed).

21.6 The Security Interests affecting any Core Wind Group Company or any of its assets have all been granted in accordance with the Wind Financing Documents and constitute all Encumbrances affecting such Core Wind Group Company or any of its assets.

22. Guarantees and indemnities

22.1 No Core Wind Group Company is a party to a guarantee, indemnity or other agreement to secure or incur a financial or other obligation with respect to the obligations of a third party (other than another Wind Group Company or as required or permitted by the Wind Financing Documents).

22.2 No Wind Group Company is a party to any operational guarantee to secure its obligations (being a guarantee in respect of operational matters including equipment, procurement, network rollout and tenders and not in respect of External Debt), other than in the ordinary course in accordance with the requirements of the Wind Financing Documents.

23. Assets

23.1 The material assets of each Core Wind Group Company included in the Wind Accounts or acquired since the Wind Accounts Date and all other material assets used or employed by the Core Wind Group are either the absolute property of such Core Wind Group Company free from any Encumbrance or such Core Wind Group Company has a right to use such material assets and together comprise all the assets necessary for the purposes of continuing to carry on the business of the Core Wind Group Companies materially as carried on at the date of this agreement.

23.2 Except for current assets offered for sale or sold in the ordinary course of trading, no Core Wind Group Company has since the Wind Accounts Date disposed of (or agreed to dispose of) any of the assets included in the Wind Accounts or any assets acquired or agreed to be acquired since the Wind Accounts Date.

24. Real estate

24.1 The Core Wind Group Companies have full ownership and/or good title to each of the Wind Properties, and such titles have been duly recorded in the competent registry under applicable laws.

24.2 The lease agreements and any arrangements (including licences and concessions) for any Wind Properties (including access and rights of way and usage) entered into by the Core Wind Group Companies are in full force and effect and valid. No party is in breach of any such lease agreements and, so far as VIP is aware, there is no fact, matter or circumstance which could result in any liability of a Core Wind Group Company in respect of any non-performance and/or non-compliance with the terms of such lease agreements and/or relevant applicable law, that would in each case or in the aggregate have a Material Adverse Effect.

25. Wind Sites

25.1 A list of the Wind Sites has been disclosed in the Wind Data Room.

25.2 The Wind Sites have all prescribed material licences, permits, concessions and authorisations required for their operation under applicable laws and regulations, save for those issues affecting such licences, permits, concessions and authorisations that are not reasonably expected to cause in aggregate a Material Network Effect.

26. Intellectual Property Rights

26.1 VIP has delivered to HET a list (as set out in the Wind Data Room) of all patents, registered trademarks, registered service marks, registered designs, domain names or other registered Intellectual Property Rights of which a Core Wind Group Company is the registered proprietor or for which application has been made by a Core Wind Group Company (the **Wind IPRs**).

26.2 There is no Encumbrance on, over or affecting any of the Wind IPRs.

26.3 So far as VIP is aware, all Intellectual Property Rights required by each Core Wind Group Company which is material for the purpose of carrying on its business as currently carried on are vested solely and beneficially in or are licensed to a Core Wind Group Company.

26.4 So far as VIP is aware, there has, since the 1 January 2012, been: (a) no unauthorised use in Italy or the Grand Duchy of Luxembourg of any Intellectual Property Right referred to in paragraph 26.3 above by a third party; and (b) no unauthorised use of a third party's Intellectual Property Rights by a Core Wind Group Company.

26.5 All registration and renewal fees have been paid in relation to all Wind IPRs.

26.6 No Core Wind Group Company trades under any business name other than its corporate name.

26.7 Since 1 January 2012, no Core Wind Group Company has received written notice alleging breach of: (a) any licences which have been granted to a Core Wind Group Company relating to the Intellectual Property Rights referred to in paragraph 26.3 above that are licensed to a Core Wind Group Company; or (b) any licences which have been granted by any Core Wind Group Company relating to the Intellectual Property Rights referred to in 26.3 above, nor so far as VIP is aware, has there been a breach of such licence by a Core Wind Group Company, in each case where such breach has had a Material Adverse Effect.

27. Information technology

For the purposes of this paragraph, **Wind Systems** means all the software, hardware, network and telecommunications equipment and internet-related information technology that are material to any Core Wind Group Company in connection with the operation of its business as currently conducted.

(a) Each Core Wind Group Company has all licences and agreements necessary to use and maintain the Wind Systems (collectively, **Wind IT Agreements**) and such Wind IT Agreements are in full force and effect.

(b) Since 1 January 2012, no Core Wind Group Company has received written notice that it is in breach of any Wind IT Agreement and, so far as VIP is aware, no counterparty has during that period been in material breach of any Wind IT Agreement. Since 1 January 2012, there have been no security breaches, data loss, breakdowns, malfunctions, data termination or expiry, failures or other defects in the Wind Systems which have had a Material Adverse Effect.

(c) The Wind Systems:

(i) are in good repair and condition and in satisfactory working order consistent with their age;

(ii) are (subject to fair wear and tear) capable of doing the work for which they were designed and purchased or are currently used; and

(iii) have through their period of ownership or use by the relevant Core Wind Group Company been maintained or serviced on the basis that the relevant Core Wind Group Company would continue to operate the business of the Core Wind Group Companies in the future.

28. Insurances

Each of the Core Wind Group Companies has taken out such reasonable insurances (in such amounts as are prudent and customary) against all material risks normally insured against in respect of the business operated by the Core Wind Group Companies and such insurances are in full force and effect and may not be terminated by the insurer by reason of any material non-compliance by a Core Wind Group Company with the terms of such insurance or by reason of the transactions contemplated by the Transaction Documents and all premiums payable in respect of any insurance policy in which any Core Wind Group Company has an interest and which is material in the context of the Core Wind Group Companies' business have been duly paid.

29. Data and records

29.1 So far as VIP is aware, all material records, data and information of the Core Wind Group Companies are recorded, stored, maintained or operated by a Core Wind Group Company and are not wholly or partly dependent on any facilities or means (including any electronic, mechanical or photographic process, computerised or otherwise) which are not under the control of a Core Wind Group Company.

29.2 So far as VIP is aware, no Core Wind Group Company has disclosed to any third party any such records, data and information as are referred to in paragraph 29.1 above, except for those data requested from any competent Regulatory Authority or as permitted in accordance with laws and regulations applicable to it.

30. Not used

31. Disclosure

All disclosure made to HET in the Wind Data Room and the VIP Disclosure Letter, so far as VIP is aware (having made reasonable enquiry), has been made in good faith and without any inclusion or omission which would make such disclosure materially misleading in the context of the transactions contemplated by this agreement.

32. Tax

So far as VIP is aware, no material liabilities to Tax of any member of the Core Wind Group have arisen or are expected to arise, in respect of any period or part period that has ended on or before the entry into this agreement or is expected to end on or before Completion, in respect of, by reference to or in consequence of:

(a) any income, profits or gains that have been earned, accrued or received on or before the entry into this agreement, or are expected to be earned, accrued or received on or before Completion;

(b) any Event that has occurred on or before the entry into this agreement, or is expected to occur on or before Completion, including the contribution of any member of the Wind Group to H3G II;

(c) the expected value of any asset or assets, the expected value or amount of any capital or liabilities or the expected net asset value or market capitalisation of any company, in each case by reference to a time or period falling on or before Completion; or

(d) any period or part period that has ended on or before the entry into this agreement or is expected to end on or before Completion.

SCHEDULE 5

HET CLAIMS

References in this Schedule 5 to HET Claims exclude any claims relating to adjustments pursuant to clause 7 or Schedule 10 and any claims pursuant to clause 20.

1. Acknowledgement

HET acknowledges and agrees that it is not aware of any matter or circumstance, save for those matters Fairly Disclosed, which in its reasonable opinion is inconsistent with any of the VIP Warranties or makes any of them untrue or inaccurate.

2. Notice

If HET becomes aware of a matter or circumstance which is likely to give rise to a HET Claim, HET shall give notice to VIP specifying the relevant facts (including HET's bona fide estimate, on a without prejudice basis, of the amount of such HET Claim) as soon as reasonably practicable after it becomes aware of that matter or circumstance. VIP shall not be liable for any Losses in respect of a HET Claim to the extent that they are increased, or are not reduced, as a result of any failure of HET to give notice as contemplated by this paragraph.

3. Cooling-off period

Following Completion (and other than in relation to any claim under or for a breach of clauses 2 to 6 (inclusive), 22 or Schedule 9), without prejudice to paragraph 2 above, if HET becomes aware of a matter or circumstance which is likely to give rise to a HET Claim:

(a) representatives of HET and VIP shall meet in person as soon as reasonably practicable following the date on which HET notified VIP in accordance with paragraph 2 and, during the period described in paragraph 3(b) below, use reasonable endeavours to resolve any proposed HET Claim without recourse to formal dispute resolution proceedings; and

(b) HET shall not initiate formal dispute resolution proceedings against VIP in respect of such HET Claim until the date falling 30 days after the date on which HET notified VIP thereof in accordance with paragraph 2.

Nothing in this paragraph 3 shall prevent HET from seeking interim relief at any time to the extent necessary to preserve its rights.

4. Exclusions

4.1 VIP shall not be liable in respect of a VIP Warranty Claim to the extent that the matter or circumstance giving rise to that claim:

(a) (except in respect of a VIP Fundamental Warranty Claim under paragraph 1, 2.1, 5, 6 or 7 of Schedule 4) is Fairly Disclosed;

(b) (except in respect of a VIP Fundamental Warranty Claim under paragraph 1, 2.1, 5, 6 or 7 of Schedule 4) was:

(i) specifically provided for (and not released prior to Completion) in the Wind Accounts at the Wind Accounts Date;

(ii) specifically provided or reserved for in the Completion Statements; or

(iii) specifically mentioned in a statement in any report forming part of the Wind Accounts where that statement constitutes Fair Disclosure of that matter or circumstance; or

(c) has been made good without cost to HET or any Group Company.

4.2 VIP shall not be liable in respect of a HET Claim (other than any VIP Tax Non-Warranty Claim) to the extent that the relevant liability would not have arisen but for:

(a) a change in legislation announced, or the withdrawal of any extra-statutory concession previously published by any Taxation Authority, after the date of this agreement (whether or not the change or withdrawal purports to be effective retrospectively in whole or in part); or

(b) a change after Completion in the accounting policies adopted by the Group (other than a change made in order to comply with Accounting Policies from time to time).

4.3 VIP shall not be liable in respect of a VIP Disclosure Warranty Claim to the extent that such VIP Disclosure Warranty Claim is based on a failure or omission of VIP to disclose information to HET and such disclosure was not permitted by applicable Laws.

5. De minimis claims

5.1 Subject to paragraph 5.4, VIP shall not be liable in respect of any HET Claim (other than a VIP Disclosure Warranty Claim, a VIP Indemnity Claim or a VIP Tax Non-Warranty Claim) unless the amount of damages to which HET would, but for this paragraph, be entitled as a result of that HET Claim is at least EUR10,000,000.

5.2 Subject to paragraph 5.4, VIP shall not be liable in respect of any VIP Disclosure Warranty Claim unless the amount of damages to which HET would, but for this paragraph, be entitled as a result of that VIP Disclosure Warranty Claim is at least EUR50,000,000.

5.3 Subject to paragraph 5.4, VIP shall not be liable in respect of any VIP Litigation Indemnity Claim unless the amount of damages to which HET would, but for this paragraph, be entitled as a result of that VIP Litigation Indemnity Claim is at least EUR15,000,000.

5.4 If more than one HET Claim arises from, or is caused by, the same or similar matters or circumstances and the aggregate amount of damages to which HET would be entitled as a result of those HET Claims is equal to or exceeds the sum specified in paragraph 5.1, 5.2 or 5.3 (as applicable), such paragraph shall not apply to any of those HET Claims.

6. Threshold

6.1 VIP shall not be liable in respect of any HET Claim (other than a VIP Fundamental Warranty Claim, a VIP Disclosure Warranty Claim, a VIP Dormant Company Indemnity Claim or a HET Tax Claim) unless the amount of all such HET Claims (including all such HET Claims which might have been made but for the operation of this paragraph) exceeds EUR150,000,000, in which case HET shall be entitled to all amounts resulting from those HET Claims (and not just the excess over that sum).

6.2 For the avoidance of doubt, HET may give notice of any single HET Claim in accordance with and for the purpose of paragraph 2 of this Schedule, irrespective of whether, at the time the notice is given, the amount set out in this paragraph has been exceeded.

7. Aggregate limit

7.1 Subject to paragraph 7.2, the maximum aggregate liability of VIP in respect of any and all HET Claims (other than a VIP Dormant Company Indemnity Claim or a VIP Tax Non-Warranty Claim) shall not exceed EUR1,000,000,000.

7.2 The maximum aggregate liability of VIP determined under paragraph 7.1 shall be increased by the amount of any interest payable by VIP in respect of any payment not made when due under this agreement.

8. Time limits

8.1 Subject to paragraph 8.6, VIP shall not be liable for any HET Claim (other than a VIP Fundamental Warranty Claim, a VIP Disclosure Warranty Claim, a VIP Indemnity Claim or a HET Tax Claim) unless VIP receives from HET notice of such HET Claim before the first anniversary of the publication of the first audited annual accounts of H3G II after Completion.

8.2 Subject to paragraph 8.6, VIP shall not be liable for any VIP Fundamental Warranty Claim unless VIP receives from HET notice of such VIP Fundamental Warranty Claim before the date falling 30 months after the date of Completion.

8.3 Subject to paragraph 8.6, VIP shall not be liable for any VIP Disclosure Warranty Claim unless VIP receives from HET notice of such VIP Disclosure Warranty Claim before the third anniversary of the date of Completion.

8.4 Subject to paragraph 8.6, VIP shall not be liable for any VIP Indemnity Claims unless VIP receives from HET notice of such VIP Indemnity Claim before the date on which VIP and its Affiliates cease (directly or indirectly) to hold any H3G II Shares.

8.5 VIP shall not be liable for any HET Tax Claim unless VIP receives from HET notice of such HET Tax Claim before the expiry of six months after the period in which, under applicable Laws and practice of the jurisdiction in which the Taxation liability giving rise to the HET Tax Claim has arisen, the relevant Taxation Authority is entitled to bring an action, claim or proceeding relating to that Taxation liability or is otherwise able to enforce such Taxation liability against the relevant Wind Group Company, as possibly extended by any applicable Tax laws (including, without limitation, Article 43 of Italian Presidential Decree 29 September 1973, no. 600, as subsequently amended, and Article 57 of Italian Presidential Decree 26 October 1972, no. 633, as subsequently amended).

8.6 VIP shall not be liable for any HET Claim (other than a HET Tax Claim) unless VIP receives from HET notice of such HET Claim before the date on which VIP and its Affiliates cease (directly or indirectly) to hold any H3G II Shares.

9. Waiver of rights

9.1 VIP agrees with HET and each employee of a Group Company to waive any rights or claims which VIP may have against any employee of a Group Company or any Group Company in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by a Group Company or such employee in connection with the giving of the VIP Warranties and the preparation of any disclosures. The provisions of this paragraph:

(a) may with the prior written consent of HET be enforced by any Group Company or any employee of a Group Company against VIP under the Contracts (Rights of Third Parties) Act 1999; and

(b) may be varied or terminated by agreement between the Shareholders (and HET may also release or compromise in whole or in part any liability in respect of rights or claims contemplated by this paragraph) without the consent of any Group Company or any such employee.

9.2 If HET makes a HET Claim, VIP agrees with HET and HET Solicitors to waive any rights or claims which it may have to recover a contribution from, or otherwise against, HET Solicitors in respect of such claim.

10. Mitigation

Nothing in this agreement shall be deemed to relieve the relevant Party from any common law duty to take reasonable steps to mitigate any loss or damage suffered or incurred by it.

11. Recovery from third parties

11.1 If:

(a) VIP makes a payment in respect of a HET Claim (other than a Tax Gross Up Claim) (the amount of such payment, to the extent it does not comprise interest on a late payment, being the **VIP Damages Payment**);

(b) within 12 months of the making of such payment any Group Company or HET or another member of the HET Group receives any sum or Relief, other than from a Group Company, HET or another member of the HET Group, which would not have been received but for the matter or circumstance giving rise to the relevant HET Claim (the **VIP Third Party Sum**);

(c) the receipt of the VIP Third Party Sum was not taken into account in calculating the VIP Damages Payment; and

(d) the aggregate of the VIP Third Party Sum (or, 50% of the VIP Third Party Sum if such payment was received by a Group Company) and the VIP Damages Payment exceeds the amount required to compensate HET in full for the matter or circumstance which gave rise to the relevant HET Claim (such excess being the **VIP Excess Recovery**),

subject to paragraph 11.2, HET shall, as soon as practicable following receipt of the VIP Third Party Sum by it or the Group Company concerned, pay to VIP an amount equal to the lower of (i) the VIP Excess Recovery and (ii) the VIP Damages Payment, after deducting (in either case) all reasonable costs incurred by HET or the other member of the HET Group (or 50% of costs incurred by any Group Company) in recovering the VIP Third Party Sum and any and all Taxation payable by HET or any Group Company or the other member of the HET Group by virtue of its receipt.

11.2 Where the person concerned receives a Relief as referred to in clause 11.1(b), a payment shall not be made to VIP before the date on which the Tax that would have been payable but for the Relief would have become recoverable by the appropriate Taxation Authority (taking account of other Reliefs available or that would otherwise have been available).

12. Insurance

Without prejudice to HET's duty to mitigate any loss in respect of any HET Claim, if in respect of any matter which would otherwise give rise to a HET Claim, any of the Group Companies has actually recovered under any policy of insurance, the amount of insurance monies to which that Group Company is or would have been entitled shall proportionately reduce that HET Claim (after deducting any reasonable costs incurred in making such recovery and any tax incurred as a result of the receipt of such recovery).

13. Remedy of breaches

Other than in respect of any breaches dealt with under clause 23.3, if, following Completion, the matter or circumstance giving rise to a HET Claim is capable of remedy, VIP shall have no liability in respect of that HET Claim if the relevant matter or circumstance is remedied (at no material cost to any Group Company, HET or any person connected with HET) within 30 days of the date on which VIP is given notice as contemplated by paragraph 2 of this Schedule in relation to that matter or circumstance. HET shall procure (a) that VIP is given the opportunity in that 30 day period to remedy the relevant matter or circumstance and (b) that each relevant Group Company shall provide all reasonable assistance to VIP to remedy the relevant matter or circumstance. Nothing in this paragraph 13 shall prevent HET from seeking interim relief at any time to the extent necessary to preserve its rights.

14. Consequential loss etc.

VIP shall have no liability for any indirect or consequential losses or any punitive or aggravated damages arising out of any matter or circumstance giving rise to a HET Claim.

15. No limitation or exclusion for fraud

Nothing in this Schedule shall limit or exclude any liability for fraud or fraudulent misrepresentation.

SCHEDULE 6

HET WARRANTIES

1. Ownership of the Contribution Shares

1.1 The H3G II Shares constitute 100% of the issued and allotted share capital of H3G II, are fully paid up and have been properly and validly allotted. There is no Encumbrance on, over or affecting any of the H3G II Shares.

1.2 The H3G II Shares will at the date of Completion be legally and beneficially owned by HET, and HET will be entitled to transfer or procure the transfer of the full legal and beneficial ownership in the H3G II Shares to H3G II on the terms and subject to the conditions set out in this agreement.

1.3 Neither HET nor any member of the 3 Italia Group is under any obligation (whether actual or contingent) to sell, charge or otherwise dispose of any of the H3G II Shares (other than pursuant to this agreement or the transactions contemplated by it).

1.4 Other than this agreement, there is no agreement, arrangement or obligation requiring the creation, allotment, issue, sale, transfer, redemption or repayment of, or the grant to a person of the right (conditional or not) to require the allotment, issue, sale, transfer, redemption or repayment of, any H3G II Shares or any of the shares in the capital of any Subsidiary (including an option or right of pre-emption or conversion).

1.5 No H3G II Share has been issued and no transfer of H3G II Shares has been registered otherwise than in accordance with the articles of association of H3G II from time to time in force and all such transfers have been duly stamped unless a valid exemption applies to any such transfer.

2. Subsidiaries and associates

2.1 The shares, details of which are set out opposite "issued capital" under the relevant 3 Italia Group Company's name in Part 1 of Schedule 1, constitute the whole of the issued and allotted share capital of that 3 Italia Group Company, are fully paid (or properly credited as fully paid), have been properly and validly allotted, are, except in the case of the 33,684,882 shares in 3 Italia (equal to 2.586% of the relevant share capital), legally and beneficially owned by HET or another wholly-owned member of the 3 Italia Group, and are free from all Encumbrances.

2.2 No 3 Italia Group Company is the holder or beneficial owner of, nor has agreed to acquire, any shares of any other corporation.

2.3 Neither HET nor any member of the 3 Italia Group is under any obligation (whether actual or contingent) to sell, charge or otherwise dispose of any of the shares in the capital of any Subsidiary, or any interest therein, to any person.

2.4 No shares in the capital of the 3 Italia Group Companies have been issued and no transfer of shares in the capital of the 3 Italia Group Companies has been registered otherwise than in accordance with the articles of association of the relevant 3 Italia Group Company from time to time in force and all such transfers have been duly stamped unless a valid exemption applies to any such transfer.

3. Incorporation of the 3 Italia Group Companies and extraordinary transactions

3.1 Each 3 Italia Group Company is validly existing under the laws of the country in which it is incorporated or formed and has all requisite corporate or partnership powers and authority to conduct its business as presently conducted and to own its assets and properties as presently owned, and as contemplated to be owned upon Completion.

3.2 There are no outstanding contractual payment obligations for any 3 Italia Group Company deriving from any completed or contemplated acquisition or disposal of all or part of a business or any shareholding, partnership or other equity or participation interest by, of or in any 3 Italia Group Company, in each case for a consideration exceeding EUR 10,000,000 or equivalent having taken place since 1 January 2012.

4. Not used

5. Capacity and consequences of entering into this agreement

5.1 Each of HET, the HET Guarantor and the 3 Italia Group Companies has the power and authority to execute and deliver this agreement and any of the other Transaction Documents to which it is or will be a party and to perform its obligations under each of them and has taken all action necessary and obtained all corporate authorisations necessary to authorise such execution and delivery and the performance of such obligations.

5.2 The execution and delivery by each of HET, the HET Guarantor and the 3 Italia Group Companies of this agreement or any of the other Transaction Documents to which it is or will be a party and the performance of the obligations under it and each of them do not and will not:

(a) in any material respects conflict with or constitute a default or breach under any provision of:

(i) its articles of association, by-laws or equivalent constitutional documents; or

(ii) any applicable law or regulation by which it or a member of the 3 Italia Group is bound; or

(iii) any order, decree or judgment of any court or any governmental or regulatory authority in any jurisdiction by it or a member of the 3 Italia Group is bound; or

(b) result in the creation or imposition of any Encumbrance over any of the H3G II Shares, shares of any 3 Italia Group Company, or any of the property or assets of any 3 Italia Group Company pursuant to the terms of any agreement or instrument to which it or any member of the 3 Italia Group is party.

6. Valid obligations

This agreement and the other Transaction Documents (other than the Completion FinCo Articles and the Completion H3G II Articles) constitute or will, when executed by HET, the HET Guarantor or a member of the 3 Italia Group (as applicable), constitute legal, valid and binding obligations, enforceable against such party in accordance with their terms.

7. Solvency

7.1 No administrator has been appointed in respect of the whole or any part of the assets or undertaking of HET, the HET Guarantor or any 3 Italia Group Company, nor has any order been made by or petition presented or application made for the appointment of an administrator in respect of any of HET, the HET Guarantor or the 3 Italia Group Companies. No documents have been filed with the court for the appointment of such an administrator and so far as HET is aware nor has any notice of intention to appoint such an administrator been given by any such person.

7.2 No receiver or administrative receiver has been appointed, nor any notice given of the appointment of any such person in respect of the whole or any part of the assets or undertaking of HET, 3 Italia S.p.A., the HET Guarantor or any 3 Italia Group Company.

7.3 No order has been made, meeting convened and no resolution has been passed for the winding up of HET, the HET Guarantor or any 3 Italia Group Company or for the appointment of a liquidator or provisional liquidator to HET, the HET Guarantor or any 3 Italia Group Company and, so far as HET is aware, no petition has been presented for that purpose.

7.4 Neither HET, the HET Guarantor nor any 3 Italia Group Company is insolvent or unable to pay its debts and neither HET, the HET Guarantor nor any 3 Italia Group Company has stopped paying its debts as they fall due and each of HET, the HET Guarantor and the 3 Italia Group has no unsatisfied judgment or court order outstanding against it and is capable of meeting its liabilities as and when they fall due.

7.5 No voluntary arrangement, moratorium of any indebtedness, compromise or similar arrangement with creditors has been proposed, agreed or sanctioned in respect of HET, the HET Guarantor or a 3 Italia Group Company.

7.6 Outside the Republic of Italy and the Grand Duchy of Luxembourg, no event or circumstance has occurred or exists analogous to those described in paragraphs 7.1 to 7.5 in respect of HET, the HET Guarantor or any 3 Italia Group Company in any applicable jurisdiction.

7.7 All material charges in favour of each 3 Italia Group Company required to be registered have been so registered to comply with all necessary formalities as to the registration or otherwise in any applicable jurisdiction.

8. Statutory books, records, memoranda, articles of association and filings

8.1 Each of the 3 Italia Group Companies has at all times carried on business and conducted its affairs in all material respects in accordance with its memorandum and articles of association (or equivalent documents) for the time being in force.

8.2 The statutory books (including all registers and minute books) of each of the 3 Italia Group Companies required to be kept by applicable law in its jurisdiction of incorporation have in all material respects been properly kept, reflect all material transactions carried out by the relevant company and comprise in all material respects accurate and complete records of the matters with which they should deal and there has been no notice of any proceedings to correct or rectify any such statutory books (including all registers and minute books). The shareholders' ledger of each 3 Italia Group Company (where applicable) accurately reflect the ownership of the relevant shareholding.

8.3 None of the 3 Italia Group Companies is currently in default in the filing of any accounts, documents or returns required by any applicable law (including, for the avoidance of doubt, regulations, directives, statutes and legislations) to be delivered or made by any of the 3 Italia Group Companies to any competent authority.

8.4 The statutory books (including all registers and minute books) of each 3 Italia Group Company are in their possession or under their control.

8.5 The copies of the memorandum and articles of association (or equivalent document) of each of the 3 Italia Group Companies included in the 3 Italia Data Room are complete and accurate in all material respects.

9. Filings and consents

9.1 Except to the extent relevant to the conditions precedent set out in clause 9.1, each of HET, the HET Guarantor and the 3 Italia Group Companies has obtained all governmental, statutory, regulatory or other consents, licences, authorisations, waivers or exemptions required to execute, deliver and perform its obligations under this agreement or any of the other Transaction Documents to which it is or will be a party.

9.2 Other than as contemplated by this agreement:

(a) no governmental, statutory or regulatory announcement, consultations, notices, reports or filings are required to be made by HET, the HET Guarantor or a member of the 3 Italia Group in connection with the transactions contemplated by this agreement or any of the other Transaction Documents; and

(b) no consents, approvals, registrations, authorisations, licences, orders, grants, permissions, waivers, exemptions or permits are required to be obtained by HET, the HET Guarantor or a member of the 3 Italia Group in connection with the execution and performance of this agreement or any of the other Transaction Documents,

where a failure to make or obtain such notices or approvals contemplated above would (i) have a Material Adverse Effect or (ii) prevent, delay or make illegal or invalid the execution or performance of this agreement or any of the Transaction Documents.

9.3 The transactions contemplated under this agreement constitute a disclosable transaction for the HET Guarantor under the Hong Kong Listing Rules in effect at the date of this agreement and do not require the approval of the shareholders of the HET Guarantor or any shareholder circular to be dispatched. The HET Guarantor is not, to its knowledge, required, under applicable Laws at the date of this Agreement other than the Hong Kong Listing Rules, to make any announcement or to make available for public review the Transaction Documents.

For the avoidance of doubt, clause 14.5 applies to this paragraph 9.

10. Compliance with laws

10.1 No 3 Italia Group Company has, since 1 January 2012, received written notice from any supranational, national or local governmental, administrative or regulatory body or any public prosecutor or enforcement agency that it is in material violation of, or in material default with respect to, any applicable Law or any decision or judgment of any court or any such body or agency having jurisdiction over such 3 Italia Group Company, including an Economic Sanctions Law.

10.2 In connection with the businesses of the 3 Italia Group and this agreement, no 3 Italia Group Company nor any of their respective directors, officers or employees nor, so far as HET is aware, any of their respective agents or affiliates: (a) have made, offered or promised to make any Prohibited Payment, or (b) have engaged in acts or transactions otherwise in violation of applicable Anti-corruption Laws, or (c) have caused or shall cause any other person to violate, or incur any liability in connection with, any Anti-corruption Law, or (d) since 1 January 2012 have engaged or is engaging in any activity, practice or conduct (or failure to act) which would constitute a crime under any applicable law, in each case which may trigger or give rise to a liability of that 3 Italia Group Company. Each 3 Italia Group Company has in place adequate procedures designed to ensure that its respective owners, shareholders, directors, officers, employees and agents acting on behalf of any of the foregoing comply with all applicable Anti-corruption Laws, including the adoption and effective implementation of an adequate Organizational Model under, and for purposes of, the Italian Legislative Decree no. 231 of 2001 and do not make any Prohibited Payments.

10.3 None of the owners or investors (including any and all ultimate beneficial owners), shareholders, officers, directors or employees nor, so far as HET is aware, the agents or affiliates of the 3 Italia Group is a Government Official, is an immediate family member of a Government Official, or is acting on behalf of or shares a financial interest in the transactions established by this agreement with any Government Official. No Government Official has control over the 3 Italia Group or any of their Affiliates, and no Government Official has any direct or indirect ownership of or interest in the monies, proceeds, or other benefits that may arise from the transactions established by this agreement or related agreements.

10.4 So far as HET is aware, no 3 Italia Group Company nor any director, officer, employee or agent of any 3 Italia Group Company has engaged or is engaging in any activity, practice or conduct (or failure to act) which would constitute a violation or an offence under any applicable Anti-corruption Laws, Anti-money Laundering Laws or Economic Sanctions Laws or any criminal laws which triggers or gives rise to a liability of that 3 Italia Group Company. Each 3 Italia Group Company has in place adequate procedures designed to prevent any of the above individuals or entities from undertaking any such conduct, including the adoption and effective implementation of an adequate Organizational Model under, and for purposes of, the Italian Legislative Decree no. 231 of 2001.

10.5 Since 1 January 2012, no 3 Italia Group Company nor any director, officer, employee or, so far as HET is aware, agent of any 3 Italia Group Company is or has been the subject of any investigation, inquiry or enforcement proceedings by any supranational, national or local governmental, administrative or regulatory body or any public prosecutor, court or enforcement agency or any customer regarding any offence or alleged offence under any applicable competition, anti-bribery and/or anti-money laundering laws or rules and which triggers or gives rise to a liability of that 3 Italia Group Company, and no such investigation, inquiry or proceedings have been threatened in writing and, so far as HET is aware, there are no circumstances reasonably likely to give rise to any such investigation, inquiry or proceedings.

For the avoidance of doubt, clause 14.5 applies to this paragraph 10.

11. Fundamental Regulatory Licences

11.1 Save as agreed by the Shareholders to be disposed of, the 3 Italia Group Companies possess all the Fundamental 3 Italia Group Licences and the same have been obtained and are valid and subsisting and no notice or allegation of breach in respect of the Fundamental 3 Italia Group Licences has been received from any third party.

11.2 The 3 Italia Group Companies are compliant with all regulatory obligations in connection with the Fundamental 3 Italia Group Licences including, but not limited to, those mentioned under AGCOM's resolution No. 621/11/CONS (such as: (a) obligation of transparency, (b) obligation of non-discrimination, (c) obligations of access to and use of specific network facilities, and (d) obligation of price control and cost accounting) in the market of voice call termination on individual mobile networks.

12. Regulatory

12.1 Save as agreed by the Shareholders to be disposed of, the 3 Italia Group Companies possess all Non-Fundamental 3 Italia Group Licences and the same have been obtained and are valid and subsisting and no notice or allegation of breach in respect of the Non-Fundamental 3 Italia Group Licences has been received from any third party.

12.2 The 3 Italia Group Companies are compliant with all regulatory obligations in connection with the Non-Fundamental 3 Italia Group Licences.

13. Material Contracts

13.1 The 3 Italia Data Room includes full and accurate copies of all Material Contracts relevant to the 3 Italia Group.

13.2 No 3 Italia Group Company is a party to any Material Contract which is under notice of material breach, invalidity or termination, such notice not being frivilous or vexatious and, so far as HET is aware, other than in respect of the transactions contemplated by the Transaction Documents, no event has occurred which would entitle any third party or the relevant 3 Italia Group Company to give such notice.

13.3 No Material Contract was entered into by a 3 Italia Group Company otherwise than (a) in the ordinary course of business and (b) on arm's length terms. Each Material Contract entered into by a 3 Italia Group Company has been duly executed by the parties thereto, and constitutes the legal, valid, binding and enforceable obligation of the 3 Italia Group Company concerned in accordance with its terms, and so far as HET is aware, is legal, valid and binding upon each of the other parties to such Material Contract.

14. Intercompany Agreements

14.1 The 3 Italia Data Room lists all of the agreements and arrangements, in whatever form (including de facto relationships and agreements entered into verbally) in force as of the date of this agreement between the 3 Italia Group Companies and current or former related parties, as defined by IAS 24 (other than between related parties that are 3 Italia Group Companies) (the **3 Italia Intercompany Agreements**).

14.2 No 3 Italia Intercompany Agreement was entered into by a 3 Italia Group Company otherwise than (a) in the ordinary course of business and (b) on arm's length terms.

14.3 No 3 Italia Group Company is in breach of a 3 Italia Intercompany Agreement and no circumstances exist which likely to give rise to such a breach. There are no claims outstanding against a 3 Italia Group Company in relation to any 3 Italia Intercompany Agreement.

15. Employees

15.1 The 3 Italia Data Room includes:

(a) full and accurate anonymised compensation details of all 3 Italia Senior Managers;

(b) an outline of all principal benefits of all employees of the 3 Italia Group Companies; and

(c) standard form contracts which are the standard terms and conditions upon which employees of the 3 Italia Group Companies (other than those of the 3 Italia Senior Managers) are employed or have been offered employment.

15.2 The 3 Italia Group Companies have, since 1 January 2012, complied in all material respects with their obligations to employees under applicable European and domestic legislation (including applicable minimum wage, immigration, health and safety and compulsory and complementary health insurance and/or social security legislation), regulations, terms and conditions of employment and other agreements and arrangements, including all applicable collective bargaining agreements.

15.3 Since 1 June 2012, no material claim has been issued against any 3 Italia Group Company by any of its employees in respect of their employment which, if adversely determined, would, alone or together with any other such material claim(s), result in a liability of a 3 Italia Group Company in excess of EUR 10,000,000.

15.4 None of the employees and/or director and/or officers of any 3 Italia Group Company is entitled to (a) any bonuses and/or extraordinary payments triggered by the transactions contemplated by the Transaction Documents; (b) any incentive plan, including stock options and equity-linked benefits; and/or (c) pre-agreed payments which are payable in the event of the termination of their working relationships with a 3 Italia Group Company in each case in excess of EUR 1,000,000.

15.5 No 3 Italia Group Company has received from any employee any notice announcing or threatening the filing of claims for damages, different qualification or additional compensation from the relevant 3 Italia Group Company, including the fair award provided for under article 64, section 2 of Legislative Decree 10 February 2005, no. 30, or to apply for re-hiring on the grounds of, inter alia, illegitimate termination of their employment.

15.6 There are no persons (other than the current employees of the 3 Italia Group Companies) who currently render, or rendered, services to any of the 3 Italia Group Companies, who claimed, or may claim, that they should be qualified as employees of any of the 3 Italia Group Companies which, if adversely determined, would, alone or together with any other such material claim(s), result in a liability of a 3 Italia Group Company in excess of EUR 10,000,000.

15.7 Each collective agreement between any of the 3 Italia Group Companies and any trade union, staff association, works council or any other body representing workers has been established in accordance with Italian law and the 3 Italia Group Companies have fully complied with the same.

16. Pensions

16.1 No 3 Italia Group Company:

(a) is a party to nor participates in nor contributes to any scheme, agreement or arrangement (whether legally enforceable or not) for the provision of any pension, retirement, death, incapacity, disability, or other like benefits for any employee or for the widow, widower, child or dependant of any employee;

(b) has given any undertaking or assurance (whether legally enforceable or not) as to the continuance, introduction, improvement or increase of any benefit of a kind described above or is paying or has in the last two years paid any such benefit to (in either case) any employee or any widow, widower, child or dependant of any employee.

16.2 All material details of any 3 Italia Scheme, including all 3 Italia Scheme Documents, in respect of the 3 Italia Group are included in the 3 Italia Data Room.

16.3 Each 3 Italia Group Company has complied with all its obligations under the 3 Italia Scheme Documents and all codes of practice and laws applicable to such 3 Italia Scheme Documents.

16.4 All the mandatory and/or complementary pension and/or healthcare schemes joined by the employees of any of the 3 Italia Group Companies are defined contribution with no refunding obligations for any of the 3 Italia Group Companies.

17. Litigation

No 3 Italia Group Company is aware of any material litigation, arbitration or administrative proceeding which is in progress to which it is a defendant in or otherwise a party to and which, if adversely determined, would, on a standalone basis or in the aggregate with other proceedings of the same or similar nature, (a) result in a judgment in excess of EUR 10,000,000, (b) have a Material Adverse Effect, or (c) prevent, delay or make illegal or invalid the execution or performance of this agreement or any of the Transaction Documents. So far as HET is aware, no such proceeding has been filed or has been threatened in writing against any 3 Italia Group Company. There is no outstanding obligation in excess of EUR 10,000,000 upon any 3 Italia Group Company arising from any settlement of any material proceedings or any other material claim.

18. Accounts

18.1 The 3 Italia Italian Group Companies Accounts:

(a) were prepared in accordance with:

(i) all applicable law and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB); and

(ii) the respective interpretations (SIC/IFRIC) adopted by the European Commission in accordance with the procedure set forth in EC Regulation no. 1606/2002 by European Parliament and by the European Council on 19 July 2002;

(b) have been prepared on the same bases and policies of accounting as the published statutory accounts of the relevant 3 Italia Group Company to which they refer, consistently applied, for the preceding accounting reference period;

(c) have been validly approved by each 3 Italia Group Company in accordance with all applicable laws;

(d) have been audited by PricewaterhouseCoopers S.r.l.; and

(e) except as expressly described therein, are not affected by any material exceptional items.

18.2 All the formalities (also including the relevant disclosures) provided for by any applicable laws have been duly, fully and timely carried out.

18.3 The H3G II Accounts:

(a) were prepared in accordance with:

(i) all applicable law and in accordance with Luxembourg Generally Accepted Accounting Principles (LuxGAAP); and

(ii) the respective interpretations (SIC/IFRIC) adopted by the European Commission in accordance with the procedure set forth in EC Regulation no. 1606/2002 by European Parliament and by the European Council on 19 July 2002;

(b) have been prepared on the same bases and policies of accounting as the published statutory accounts of HET, consistently applied, for the preceding accounting reference period;

(c) have been included in the consolidated accounts of HWL, forming the largest body of undertakings of which the H3G II forms a part as a subsidiary undertaking; and

(d) have not been audited.

19. Management Accounts

19.1 The unaudited management accounts of the 3 Italia Group Companies for the period since the 3 Italia Accounts Date (the 3 Italia Management Accounts) have been prepared in good faith on a basis consistent with the basis employed in such accounts for the immediately preceding 12 months.

20. Changes since the 3 Italia Accounts Date

Since the 3 Italia Accounts Date:

(a) the 3 Italia Group Companies have carried on their business in the ordinary and usual course so as to maintain the business as a going concern;

(b) no substantial supplier, distributor, agent, business finder or customer has ceased or substantially reduced its trade with the 3 Italia Group Companies so as to cause a Material Adverse Effect;

(c) no 3 Italia Group Company has declared, paid or made a dividend or other distribution (whether in cash, stock or in kind);

(d) no resolution of the shareholder of any 3 Italia Group Company in its capacity as a shareholder of a 3 Italia Group Company has been passed;

(e) no 3 Italia Group Company has issued or agreed to issue any share or loan capital or other similar interest;

(f) no 3 Italia Group Company has repaid or redeemed share or loan capital, or made (whether or not subject to conditions) an agreement or undertaken an obligation to do any of those things;

(g) no change has occurred in the accounting methods, principles or practices applied by a 3 Italia Group Company and there has been no revaluation by any 3 Italia Group Company of any of its assets; and

(h) there has been no material damage, destruction or loss, whether or not covered by insurance, affecting the assets, properties or business of any 3 Italia Group Company.

21. Indebtedness

21.1 No 3 Italia Group Company has outstanding any External Debt other than that which is Fairly Disclosed in the 3 Italia Accounts or the 3 Italia Management Accounts.

21.2 No 3 Italia Group Company has since the 3 Italia Accounts Date repaid, or become liable to repay, any External Debt in advance of its normal or originally stated maturity and no External Debt has become capable of being declared due and payable or has been declared on demand before its normal or originally stated maturity and no Encumbrance in relation to such External Debt has become enforceable or has been enforced and, no event has occurred which is an event of default (or an event or circumstance which would with the expiry of a grace period, the giving of notice, the making of any determination under the relevant document or any combination of any of the foregoing be an event of default) under or breach of any terms of any External Debt of any 3 Italia Group Company, in each case which entitles the lender in respect of such arrangement to require the relevant 3 Italia Group Company to repay the relevant External Debt prior to its normal or originally stated maturity.

21.3 No 3 Italia Group Company has outstanding any obligations in respect of a derivative transaction, including any foreign exchange transaction.

21.4 No 3 Italia Group Company is subject to any arrangement for receipt or repayment of any grant, subsidy, or financial assistance from any governmental department or other body.

21.5 No 3 Italia Group Company has lent any money or is otherwise a creditor in respect of an External Debt other than in the ordinary course of its trade or, provided that such agreement has been entered into in compliance with the 3 Italia Facilities Agreement, to another 3 Italia Group Company (in an aggregate amount that has been Fairly Disclosed).

21.6 The Security Interests affecting any 3 Italia Group Company or any of its assets have all been granted in accordance with the 3 Italia Financing Documents and constitute all Encumbrances affecting such 3 Italia Group Company or any of its assets.

22. Guarantees and indemnities

No 3 Italia Group Company is a party to a guarantee, indemnity or other agreement to secure or incur a financial or other obligation with respect to the obligations of a third party (other than another 3 Italia Group Company or as required or permitted by the 3 Italia Financing Documents).

23. Assets

23.1 The material assets of each 3 Italia Group Company included in the 3 Italia Accounts or acquired since the 3 Italia Accounts Date and all other material assets used or employed by the 3 Italia Group are either the absolute property of such 3 Italia Group Company free from any Encumbrance or such 3 Italia Group Company has a right to use such material assets and together comprise all the assets necessary for the purposes of continuing to carry on the business of the 3 Italia Group Companies materially as carried on at the date of this agreement.

23.2 Except for current assets offered for sale or sold in the ordinary course of trading, no 3 Italia Group Company has since the 3 Italia Accounts Date disposed of (or agreed to dispose of) any of the assets included in the 3 Italia Accounts or any assets acquired or agreed to be acquired since the 3 Italia Accounts Date.

24. Real estate

24.1 The 3 Italia Group Companies have full ownership and/or good title to each of the 3 Italia Properties, and such titles have been duly recorded in the competent registry under applicable Laws.

24.2 The lease agreements and any arrangements (including licences and concessions) for any 3 Italia Properties (including access and rights of way and usage) entered into by the 3 Italia Group Companies are in full force and effect and valid. No party is in breach of any of the lease agreements and, so far as HET is aware, there is no fact, matter or circumstance which could result in any liability of a 3 Italia Group Company in respect of any non-performance and/or non-compliance with the terms of such lease agreements and/or relevant applicable law, that would in each case or in the aggregate have a Material Adverse Effect.

25. 3 Italia Sites

25.1 A list of the 3 Italia Sites has been disclosed in the 3 Italia Data Room.

25.2 The 3 Italia Sites have all prescribed material licences, permits, concessions and authorisations required for their operation under applicable laws and regulations, save for those issues affecting such licences, permits, concessions and authorisations that are not reasonably expected to cause in aggregate a Material Network Effect.

26. Intellectual Property Rights

26.1 HET has delivered to VIP a list (as set out in the 3 Italia Data Room) of all patents, registered trademarks, registered service marks, registered designs, domain names or other registered Intellectual Property Rights of which a 3 Italia Group Company is the registered proprietor or for which application has been made by a 3 Italia Group Company (the **3 Italia IPRs**).

26.2 There is no Encumbrance on, over or affecting any of the 3 Italia IPRs.

26.3 So far as HET is aware, all Intellectual Property Rights required by each 3 Italia Group Company which is material for the purpose of carrying on its business as currently carried on are vested solely and beneficially in or are licensed to a 3 Italia Group Company.

26.4 So far as HET is aware, there has, since the 1 January 2012, been: (a) no unauthorised use in Italy or the Grand Duchy of Luxembourg of any Intellectual Property Right referred to in paragraph 26.3 above by a third party; and (b) no unauthorised use of a third party's Intellectual Property Rights by a 3 Italia Group Company.

26.5 All registration and renewal fees have been paid in relation to all 3 Italia IPRs.

26.6 No 3 Italia Group Company trades under any business name other than its corporate name.

26.7 Since 1 January 2012, no 3 Italia Group Company has received written notice, such notice being frivolous or vexatious, alleging breach of: (a) any licences which have been granted to a 3 Italia Group Company relating to the Intellectual Property Rights referred to in paragraph 26.3 above that are licensed to a 3 Italia Group Company; or (b) any licences which have been granted by any 3 Italia Group Company relating to the Intellectual Property Rights referred to in 26.3 above, nor so far as HET is aware, has there been a breach of such licence by a 3 Italia Group Company, in each case where such breach has had a Material Adverse Effect.

27. Information Technology

For the purposes of this paragraph, **3 Italia Systems** means all the software, hardware, network and telecommunications equipment and internet-related information technology that are material to any 3 Italia Group Company in connection with the operation of its business as currently conducted.

(a) Each 3 Italia Group Company has all licences and agreements necessary to use and maintain the 3 Italia Systems (collectively, **3 Italia IT Agreements**) and such 3 Italia IT Agreements are in full force and effect.

(b) Since 1 January 2012, no 3 Italia Group Company has received written notice that it is in breach of any 3 Italia IT Agreement and, so far as HET is aware, no counterparty has during that period been in material breach of any 3 Italia IT Agreement. Since 1 January 2012, there have been no security breaches, data loss, breakdowns, malfunctions, data termination or expiry, failures or other defects in the 3 Italia Systems which have had a Material Adverse Effect.

(c) The 3 Italia Systems:

(i) are in good repair and condition and in satisfactory working order consistent with their age;

(ii) are (subject to fair wear and tear) capable of doing the work for which they were designed and purchased or are currently used; and

(iii) have through their period of ownership or use by the relevant 3 Italia Group Company been maintained or serviced on the basis that the relevant 3 Italia Group Company would continue to operate the business of the 3 Italia Group Companies in the future.

28. Insurances

Each of the 3 Italia Group Companies has taken out appropriate insurances (in such amounts as are prudent and customary) against all risks normally insured against in respect of the business operated by the 3 Italia Group Companies and such insurances are in full force and effect and may not be terminated by the insurer by reason of any non-compliance by a 3 Italia Group Company with the terms of such insurance or by reason of the transactions contemplated by the Transaction Documents and all premiums payable in respect of any insurance policy in which any 3 Italia Group Company has an interest and which is material in the context of the 3 Italia Group Companies' business have been duly paid.

29. Data and records

29.1 So far as HET is aware, all material records, data and information of the 3 Italia Group Companies are recorded, stored, maintained or operated by a 3 Italia Group Company and are not wholly or partly dependent on any facilities or means (including any electronic, mechanical or photographic process, computerised or otherwise) which are not under the control of a 3 Italia Group Company.

29.2 So far as HET is aware, no 3 Italia Group Company has disclosed to any third party any such records, data and information as are referred to in paragraph 29.1 above, except for those data requested from any competent Regulatory Authority or as permitted in accordance with laws and regulations applicable to it.

30. Withheld Contracts

30.1 The costs to be incurred by H3G II pursuant to the 3 Italia Withheld Contracts are accurately reflected in the Agreed Business Plan in respect of the period to which such business plan refers.

30.2 H3G II has provided information on the 3 Italia Withheld Contracts which is in all material respects accurate and complete in order to respond to questions arising in the course of preparation of the Merger Integration Plan and, as a result, the costs of termination set out in the 3 Italia Withheld Contracts are correctly represented in the Merger Integration Plan taking into account the relevant assumptions made in the Merger Integration Plan (including as to timing of termination of the 3 Italia Withheld Contracts).

31. Disclosure

All disclosure made to VIP in the 3 Italia Data Room and the HET Disclosure Letter, so far as HET is aware (having made reasonable enquiry), has been made in good faith and without any inclusion or omission which would make such disclosure materially misleading in the context of the transactions contemplated by this agreement.

32. Tax

So far as HET is aware, no material liabilities to Tax of any member of the 3 Italia Group have arisen or are expected to arise, in respect of any period or part period that has ended on or before the entry into this agreement or is expected to end on or before Completion, in respect of, by reference to or in consequence of:

(a) any income, profits or gains that have been earned, accrued or received on or before the entry into this agreement, or are expected to be earned, accrued or received on or before Completion;

(b) any Event that has occurred on or before the entry into this agreement, or is expected to occur on or before Completion;

(c) the expected value of any asset or assets, the expected value or amount of any capital or liabilities or the expected net asset value or market capitalisation of any company, in each case by reference to a time or period falling on or before Completion; or

(d) any period or part period that has ended on or before the entry into this agreement or is expected to end on or before Completion.

SCHEDULE 7

VIP CLAIMS

References in this Schedule 7 to VIP Claims exclude any claims relating to adjustments pursuant to clause 7 or Schedule 10 or any claims pursuant to clause 20.

1. Acknowledgement

VIP acknowledges and agrees that it is not aware of any matter or circumstance, save for those matters Fairly Disclosed, which in its reasonable opinion is inconsistent with any of the HET Warranties or makes any of them untrue or inaccurate.

2. Notice

If VIP becomes aware of a matter or circumstance which is likely to give rise to a VIP Claim, VIP shall give notice to HET specifying the relevant facts (including VIP's bona fide estimate, on a without prejudice basis, of the amount of such VIP Claim) as soon as reasonably practicable after it becomes aware of that matter or circumstance. HET shall not be liable for any Losses in respect of a VIP Claim to the extent that they are increased, or are not reduced, as a result of any failure of VIP to give notice as contemplated by this paragraph.

3. Cooling-off period

Following Completion and other than in relation to any claim under or for a breach of clause 2 to 6 (inclusive), 22 or Schedule 9), without prejudice to paragraph 2 above, if VIP becomes aware of a matter or circumstance which is likely to give rise to a VIP Claim:

(a) representatives of HET and VIP shall meet in person as soon as reasonably practicable following the date on which VIP notified HET in accordance with paragraph 2 and, during the period described in paragraph 3(b) below, and use reasonable endeavours to resolve any proposed VIP Claim without recourse to formal dispute resolution proceedings; and

(b) VIP shall not initiate formal dispute resolution proceedings against HET in respect of such VIP Claim until the date falling 30 days after the date on which VIP notified HET thereof in accordance with paragraph 2.

Nothing in this paragraph 3 shall prevent VIP from seeking interim relief at any time to the extent necessary to preserve its rights.

4. Exclusions

4.1 HET shall not be liable in respect of a HET Warranty Claim to the extent that the matter or circumstance giving rise to that claim:

(a) (except in respect of a HET Fundamental Warranty Claim under paragraph 1, 2.1, 5, 6 or 7 of Schedule 4) is Fairly Disclosed;

(b) (except in respect of a HET Fundamental Warranty Claim under paragraph 1, 2.1, 5, 6 or 7 of Schedule 4) was:

(i) specifically provided for (and not released prior to Completion) in the 3 Italia Accounts at the 3 Italia Accounts Date;

(ii) specifically provided or reserved for in the Completion Statements; or

(iii) specifically mentioned in a statement in any report forming part of the 3 Italia Accounts where that statement constitutes Fair Disclosure of that matter or circumstance; or

(c) has been made good without cost to VIP or any Group Company

4.2 HET shall not be liable in respect of a VIP Claim (other than any HET Tax Non-Warranty Claim) to the extent that the relevant liability would not have arisen but for:

(a) a change in legislation announced, or the withdrawal of any extra-statutory concession previously published by any Taxation Authority, after the date of this agreement (whether or not the change or withdrawal purports to be effective retrospectively in whole or in part); or

(b) a change after Completion in the accounting policies adopted by the Group (other than a change made in order to comply with Accounting Policies from time to time).

4.3 HET shall not be liable in respect of a HET Disclosure Warranty Claim to the extent that such HET Disclosure Warranty Claim is based on a failure or omission of HET to disclose information to VIP and such disclosure was not permitted by applicable Laws.

5. De minimis claims

5.1 Subject to paragraph 5.4, HET shall not be liable in respect of any VIP Claim (other than a HET Disclosure Warranty Claim, a HET Indemnity Claim or a HET Tax Non-Warranty Claim) unless the amount of damages to which VIP would, but for this paragraph, be entitled as a result of that VIP Claim is at least EUR10,000,000.

5.2 Subject to paragraph 5.4, HET shall not be liable in respect of any HET Disclosure Warranty Claim unless the amount of damages to which VIP would, but for this paragraph, be entitled as a result of that VIP Disclosure Warranty Claim is at least EUR50,000,000.

5.3 Subject to paragraph 5.4, HET shall not be liable in respect of any HET Indemnity Claim unless the amount of damages to which VIP would, but for this paragraph, be entitled as a result of that HET Indemnity Claim is at least EUR15,000,000.

5.4 If more than one VIP Claim arises from, or is caused by, the same or similar matters or circumstances and the aggregate amount of damages to which VIP would be entitled as a result of those VIP Claims is equal to or exceeds the sum specified in paragraph 5.1, 5.2 or 5.3 (as applicable), such paragraph shall not apply to any of those VIP Claims.

6. Threshold

6.1 HET shall not be liable in respect of any VIP Claim (other than a HET Fundamental Warranty Claim, a HET Disclosure Warranty Claim or a VIP Tax Claim) unless the amount of all such VIP Claims (including all such VIP Claims which might have been made but for the operation of this paragraph) exceeds EUR150,000,000, in which case VIP shall be entitled to all amounts resulting from those VIP Claims (and not just the excess over that sum).

6.2 For the avoidance of doubt, VIP may give notice of any single VIP Claim in accordance with and for the purpose of paragraph 2 of this Schedule, irrespective of whether, at the time the notice is given, the amount set out in this paragraph has been exceeded.

7. Aggregate limit

7.1 Subject to paragraph 7.2, the maximum aggregate liability of HET in respect of any and all VIP Claims (other than a HET Tax Non-Warranty Claim) shall not exceed EUR1,000,000,000.

7.2 The maximum aggregate liability of HET determined under paragraph 7.1 shall be increased by the amount of any interest payable by HET in respect of any payment not made when due under this agreement.

8. Time limits

8.1 Subject to paragraph 8.6, HET shall not be liable for any VIP Claim (other than a HET Fundamental Warranty Claim, or a HET Disclosure Warranty Claim, a HET Indemnity Claim or a VIP Tax Claim) unless HET receives from VIP notice of such VIP Claim before the first anniversary of the publication of the first audited annual accounts of H3G II after Completion.

8.2 Subject to paragraph 8.6, HET shall not be liable for any HET Fundamental Warranty Claim unless HET receives from VIP notice of such HET Fundamental Warranty Claim before the date falling 30 months after the date of Completion.

8.3 Subject to paragraph 8.6, HET shall not be liable for any HET Disclosure Warranty Claim unless HET receives from VIP notice of such HET Disclosure Warranty Claim before the third anniversary of the date of Completion.

8.4 Subject to paragraph 8.6, HET shall not be liable for any HET Indemnity Claims unless HET receives from VIP notice of such HET Indemnity Claim before the date on which HET and its Affiliates cease (directly or indirectly) to hold any H3G II Shares.

8.5 HET shall not be liable for any VIP Tax Claim unless HET receives from VIP notice of such VIP Tax Claim before the expiry of six months after the period in which, under applicable Laws and practice of the jurisdiction in which the Taxation liability giving rise to the VIP Tax Claim has arisen, the relevant Taxation Authority is entitled to bring an action, claim or proceeding relating to that Taxation liability or is otherwise able to enforce such Taxation liability against the relevant 3 Italia Group Company, as possibly extended by any applicable Tax laws (including, without limitation, Article 43 of Italian Presidential Decree 29 September 1973, no. 600, as subsequently amended, and Article 57 of Italian Presidential Decree 26 October 1972, no. 633, as subsequently amended).

8.6 HET shall not be liable for any VIP Claim (other than a VIP Tax Claim) unless HET receives from VIP notice of such VIP Claim before the date on which HET and its Affiliates cease (directly or indirectly) to hold any H3G II Shares.

9. Waiver of rights

9.1 HET agrees with VIP and each employee of a Group Company to waive any rights or claims which HET may have against any employee of a Group Company or any Group Company in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by a Group Company or such employee in connection with the giving of the HET Warranties and the preparation of any disclosures. The provisions of this paragraph:

(a) may with the prior written consent of VIP be enforced by any Group Company or any employee of a Group Company against HET under the Contracts (Rights of Third Parties) Act 1999; and

(b) may be varied or terminated by agreement between the Shareholders (and VIP may also release or compromise in whole or in part any liability in respect of rights or claims contemplated by this paragraph) without the consent of any Group Company or any such employee.

9.2 If VIP makes a VIP Claim, HET agrees with VIP and VIP Solicitors to waive any rights or claims which it may have to recover a contribution from, or otherwise against, VIP Solicitors in respect of such claim.

10. Mitigation

Nothing in this agreement shall be deemed to relieve the relevant Party from any common law duty to take reasonable steps to mitigate any loss or damage suffered or incurred by it.

11. Recovery from third parties

11.1 If:

(a) HET makes a payment in respect of a VIP Claim (other than a Tax Gross Up Claim) (the amount of such payment, to the extent it does not comprise interest on a late payment, being the **HET Damages Payment**);

(b) within 12 months of the making of such payment any Group Company or VIP or another member of the VIP Group receives any sum or Relief, other than from a Group Company, VIP or another member of the VIP Group, which would not have been received but for the matter or circumstance giving rise to the relevant VIP Claim (the **HET Third Party Sum**);

(c) the receipt of the HET Third Party Sum was not taken into account in calculating the HET Damages Payment; and

(d) the aggregate of the HET Third Party Sum (or, 50% of the HET Third Party Sum if such payment was received by a Group Company) and the HET Damages Payment exceeds the amount required to compensate VIP in full for the matter or circumstance which gave rise to the relevant VIP Claim (such excess being the **HET Excess Recovery**),

subject to paragraph 11.2, VIP shall, as soon as practicable following receipt of the HET Third Party Sum by it or the Group Company concerned, pay to HET an amount equal to the lower of (i) the HET Excess Recovery and (ii) the HET Damages Payment, after deducting (in either case) all reasonable costs incurred by VIP or the other member of the VIP Group (or 50% of costs incurred by any Group Company) in recovering the HET Third Party Sum and any and all Taxation payable by VIP or any Group Company or the other member of the VIP Group by virtue of its receipt.

11.2 Where the person concerned receives a Relief as referred to in clause 11.1(b), a payment shall not be made to HET before the date on which the Tax that would have been payable but for the Relief would have become recoverable by the appropriate Taxation Authority (taking account of other Reliefs available or that would otherwise have been available).

12. Insurance

Without prejudice to VIP's duty to mitigate any loss in respect of any of any VIP Claim, if in respect of any matter which would otherwise give rise to a VIP Claim, any of the Group Companies has

actually recovered under any policy of insurance, the amount of insurance monies to which that Group Company is or would have been entitled shall proportionately reduce that VIP Claim (after deducting any reasonable costs incurred in making such recovery and any tax incurred as a result of the receipt of such recovery).

13. Remedy of breaches

Other than in respect of any breaches dealt with under clause 23.3, if, following Completion, the matter or circumstance giving rise to a VIP Claim is capable of remedy, HET shall have no liability in respect of that VIP Claim if the relevant matter or circumstance is remedied (at no material cost to any Group Company, VIP or any person connected with VIP) within 30 days of the date on which HET is given notice as contemplated by paragraph 2 of this Schedule in relation to that matter or circumstance. VIP shall procure (a) that HET is given the opportunity in that 30 day period to remedy the relevant matter or circumstance and (b) that each relevant Group Company shall provide all reasonable assistance to HET to remedy the relevant matter or circumstance. Nothing in this paragraph 13 shall prevent VIP from seeking interim relief at any time to the extent necessary to preserve its rights.

14. Consequential loss etc.

HET shall have no liability for any indirect or consequential losses or any punitive or aggravated damages arising out of any matter or circumstance giving rise to a VIP Claim.

15. No limitation or exclusion for fraud

Nothing in this Schedule shall limit or exclude any liability for fraud or fraudulent misrepresentation.

SCHEDULE 8

SIGNING OBLIGATIONS

PART 1

VIP SIGNING OBLIGATIONS

On the date of this agreement, VIP shall procure and, in respect of any documents to be entered into by VIP LuxCo, shall procure and take any and all action necessary to ensure, the delivery to HET of:

(a) the Shareholders' Deed, duly executed by VIP LuxCo and the VIP Guarantor;

(b) the VIP Disclosure Letter, duly executed by VIP; and

(c) (i) the Employment Agreement of the Wind Executive, duly executed by WAHF and the Wind Executive and (ii) the related termination and settlement agreement, duly executed by Wind TS and the Wind Executive.

PART 2

HET SIGNING OBLIGATIONS

On the date of this agreement, HET shall procure:

(a) the delivery to VIP of the Shareholders' Deed, duly executed by H3G II, HET and the HET Guarantor;

(b) the HET Disclosure Letter, duly executed by HET; and

(c) the Employment Agreements of each of the 3 Italia Executives, duly executed by H3G S.p.A. and the 3 Italia Executives.

SCHEDULE 9

COMPLETION OBLIGATIONS

PART 1

VIP COMPLETION OBLIGATIONS

At Completion VIP shall procure and, in respect of obligations that relate to VIP LuxCo, procure and take any and all action necessary to ensure:

(a) that the Pre-Completion Wind Reorganisation has been implemented in full such that the provisions of this Schedule 9 can be performed immediately;

(b) the delivery to HET and H3G II of:

(i) a certified copy of the resolutions of the competent bodies of each of VIP and VIP LuxCo authorising the execution of this agreement (in respect of VIP) and the actions it is required to take in accordance with clauses 2 to 6 and this Schedule 9 and the execution of each of the other Transaction Documents to which it is or will be a party; and

(ii) a power of attorney for VIP LuxCo to be represented as shareholder of H3G II in front of the Luxembourg Notary to: (A) approve the VIP LuxCo Contribution; (B) appoint as additional directors of H3G II such persons as HET and VIP LuxCo nominate and approve the resignation of such existing directors of H3G II who are to resign at Completion; (C) adopt the Completion H3G II Articles; and (D) approve any change to the name of H3G II, duly executed by VIP LuxCo;

(c) the delivery to H3G II of all information relating to VIP or VIP LuxCo that H3G II requires in order to provide the Luxembourg Notary with all necessary "know-your-customer" documents required in accordance with Luxembourg law and a valuation certificate confirming the value of the WAHF Shares to be contributed to H3G II to fully pay up the VIP H3G II Shares;

(d) in respect of the Existing HET Loan Sale:

(i) the delivery to HET and H3G II of an assignment deed under which HET assigns to VIP LuxCo its rights, title, interest and benefits in and to 50% of the principal amount of the Existing HET Loan free from all Encumbrances in consideration for the grant to HET by VIP LuxCo of the VIP LuxCo Receivable, duly executed by VIP LuxCo; and

(ii) the delivery to HET of a promissory note issued by VIP LuxCo in respect of the VIP LuxCo Receivable, duly executed by VIP LuxCo;

(e) in respect of the HET Contribution, the delivery to H3G II of an acknowledgement by VIP LuxCo of the notice of assignment in favour of H3G II of the VIP LuxCo Receivable, duly executed by VIP LuxCo;

(f) in respect of the VIP LuxCo Contribution and WAHF Consideration, the delivery to H3G II of:

(i) a contribution and subscription agreement in relation to the transfer by VIP LuxCo to H3G II of (A) its entire interest in the WAHF Shares and (B) the sum of EUR25,000, duly executed by VIP LuxCo;

(ii) the original share certificate(s) representing the WAHF Shares, duly endorsed in a manner legally sufficient, under applicable law, to transfer to H3G II good, full and marketable title to such WAHF Shares free from all Encumbrances and with all rights attaching to them;

(iii) a power of attorney for VIP LuxCo to be represented as a shareholder of WAHF in front of an Italian Notary to endorse the original share certificate(s) representing the WAHF Shares, duly executed by VIP LuxCo;

(iv) a copy of the shareholders' ledger of WAHF duly updated by a director of WAHF reflecting (A) the transfer of the WAHF Shares, and (B) H3G II as the new sole shareholder of WAHF; and

(v) such waivers or consents as may be necessary to enable H3G II to become the registered holder of all of the WAHF Shares;

(g) in respect of the Extinguishment of Receivables, the delivery to H3G II by VIP LuxCo of an acknowledgement of the notice of set-off of the H3G II Receivable against the VIP LuxCo Receivable such that each of the H3G II Receivable and the VIP LuxCo Receivable are extinguished as fully and completely repaid, duly executed by VIP LuxCo;

(h) in respect of the VIP LuxCo Secondary Contribution, the delivery to FinCo and H3G II of the novation deed under which VIP LuxCo novates to FinCo its rights, title, interest and benefits in and to 50% of the Existing HET Loan to H3G II free from all Encumbrances, duly executed by VIP LuxCo;

(i) in respect of the FinCo Share Issue, the delivery to FinCo of the shareholder approval for the issue by FinCo to HET and VIP LuxCo of an equal number (and of equal value) of new FinCo Shares credited as fully paid for an amount equal to the face value of the Existing HET Loan;

(j) in respect of the VIP LuxCo Secondary Contribution, HET Secondary Contribution and FinCo Share Issue, the delivery to HET and FinCo of the FinCo Shareholders 'Deed, duly executed by VIP LuxCo;

(k) in respect of the steps contemplated by clauses 2 to 6, executed copies of any other instruments of transfer required by law or reasonably requested by another Party to effect the transfers contemplated by such steps;

(l) that all Intercompany Balances owed by members of the VIP Group to any member of the Core Wind Group or owed by members of the Core Wind Group to any member of the VIP Group shall be repaid;

(m) that a board meeting of H3G II is held at which it is resolved that the matters referred to in paragraph (h) of Part 3 of Schedule 9 are passed;

(n) that a board meeting of FinCo is held at which it is resolved that the matters referred to in paragraph (f) of Part 4 of Schedule 9 are passed; and

(o) in respect of each Wholly-Owned Subsidiary, that the matters referred to in paragraph (j) of Part 3 of Schedule 9 are effected.

PART 2

HET COMPLETION OBLIGATIONS

At Completion HET shall procure:

(a) that the Pre-Completion 3 Italia Reorganisation has been implemented in full such that the provisions of this Schedule 9 can be performed immediately;

(b) the delivery to VIP and H3G II of:

  (i) a certified copy of the resolutions of the competent body of HET authorising the execution of this agreement, the actions it is required to take in accordance with clauses 2 to 6 and this Schedule 9 and the execution of each of the other Transaction Documents to which it is or will be a party; and

  (ii) a power of attorney for HET to be represented as shareholder of H3G II in front of the Luxembourg Notary to: (A) approve the VIP LuxCo Contribution; (B) appoint as additional directors of H3G II such persons as VIP LuxCo and HET nominate and approve the resignation of such existing directors of H3G II who are to resign at Completion; (C) adopt the Completion H3G II Articles; and (D) approve any change to the name of H3G II, duly executed by HET;

(c) the delivery to H3G II of all information relating to HET that H3G II requires in order to provide the Luxembourg Notary with all necessary "know-your-customer" documents required in accordance with Luxembourg law;

(d) in respect of the Existing HET Loan Sale, the delivery to VIP LuxCo and H3G II of an assignment deed under which HET assigns to VIP LuxCo its rights, title, interest and benefits in and to 50% of the principal amount of the Existing HET Loan free from all Encumbrances in consideration for the grant to HET by VIP LuxCo of the VIP LuxCo Receivable, duly executed by HET;

(e) in respect of the HET Contribution:

  (i) the delivery to H3G II of an assignment deed under which HET assigns to H3G II its rights, title, interest and benefits in and to the VIP LuxCo Receivable free from all Encumbrances, duly executed by HET; and

  (ii) the delivery to H3G II of a sole shareholder resolution approving the HET Contribution and the increase to H3G II's share premium account;

(f) in respect of the HET Secondary Contribution, the delivery to FinCo and H3G II of a novation deed under which HET novates to FinCo its rights, title, interest and benefits in and to 50% of the Existing HET Loan to H3G II free from all Encumbrances, duly executed by HET;

(g) in respect of the FinCo Share Issue, the delivery to FinCo of the shareholder approval for the issue by FinCo to HET and VIP LuxCo of an equal number (and of equal value) of new FinCo Shares credited as fully paid for an amount equal to the face value of the Existing HET Loan;

(h) in respect of the VIP LuxCo Secondary Contribution, HET Secondary Contribution and FinCo Share Issue, the delivery to FinCo and VIP LuxCo of the FinCo Shareholders' Deed, duly executed by HET;

(i) in respect of the steps contemplated by clauses 2 to 6, executed copies of any other instruments of transfer required by law or reasonably requested by another Party to effect the transfers contemplated by such steps;

(j) that all Intercompany Balances owed by members of the HET Group to any member of the 3 Italia Group or owed by members of the 3 Italia Group to any member of the HET Group shall be repaid, with the exception of any Intercompany Balances which, at HET's request, VIP has expressly agreed to keep in place at Completion as set out in the clauses 2 to 6 (inclusive);

(k) the delivery to VIP of the Hutchison IP Licence, duly executed by Hutchison 3G Enterprises S.à.r.l. and 3 Italia S.p.A.

(l) that a board meeting of H3G II is held at which it is resolved that the matters referred to in paragraph (h) of Part 3 of Schedule 9 are passed;

(m) that a board meeting of FinCo is held at which it is resolved that the matters referred to in paragraph (f) of Part 4 of Schedule 9 are passed; and

(n) in respect of each Wholly-Owned Subsidiary, that the matters referred to in paragraph (j) of Part 3 of Schedule 9 are effected.

PART 3

H3G II COMPLETION OBLIGATIONS

At Completion H3G II shall procure:

(a) in respect of the Existing HET Loan Sale, the delivery to HET and VIP LuxCo of an assignment deed under which HET assigns to VIP LuxCo its rights, title, interest and benefits in and to 50% of the Existing HET Loan free from all Encumbrances, duly executed by H3G II;

(b) the delivery to the Luxembourg Notary of all necessary "know-your-customer" documents required in accordance with Luxembourg law and a valuation certificate confirming the value of the WAHF Shares to be contributed to H3G II to fully pay up the VIP H3G II Shares;

(c) in respect of the HET Contribution:

(i) the delivery to HET of an assignment deed under which HET assigns to H3G II its rights, title, interest and benefits in and to the VIP LuxCo Receivable to H3G II free from all Encumbrances, duly executed by H3G II; and

(ii) the delivery to VIP LuxCo of a notice of assignment in favour of H3G II of the VIP LuxCo Receivable, duly executed by H3G II;

(d) in respect of the VIP LuxCo Contribution and the WAHF Consideration, the delivery to VIP LuxCo of:

(i) a contribution and subscription agreement in relation to the transfer by VIP LuxCo to H3G II of (A) its entire interest in the WAHF Shares and (B) the sum of EUR25,000, duly executed by H3G II;

(ii) a promissory note in respect of the H3G II Receivable granted by H3G II in favour of VIP LuxCo, duly executed by H3G II; and

(iii) a copy of the register of H3G II recording VIP LuxCo as the owner of all the VIP H3G II Shares;

(e) in respect of the Extinguishment of Receivables, the delivery to VIP LuxCo of a notice from H3G II in relation to the set-off of the H3G II Receivable against the VIP LuxCo Receivable such that each of the H3G II Receivable and the VIP LuxCo Receivable are extinguished as fully and completely repaid;

(f) in respect of the HET Secondary Contribution, the delivery to HET and FinCo of a novation deed under which HET novates to FinCo its rights, title, interest and benefits in and to 50% of the Existing HET Loan to H3G II free from all Encumbrances, duly executed by H3G II;

(g) in respect of the VIP LuxCo Secondary Contribution, the delivery to VIP LuxCo and FinCo of a novation deed under which VIP LuxCo novates to FinCo its rights, title, interest and benefits in and to 50% of the Existing HET Loan to H3G II free from all Encumbrances, duly executed by H3G II;

(h) in respect of the steps contemplated by clauses 2 to 6, executed copies of any other instruments of transfer required by law or reasonably requested by another Party to effect the transfers contemplated by such steps;

(i) that a board meeting of H3G II is held at which it is resolved that, in accordance with the Shareholders' Deed:

(i) it appoints a chairman;

(ii) it adopts the Agreed Business Plan;

(iii) it adopts the Initial Budget;

(iv) it adopts the Merger Integration Plan;

(v) it adopts the Plan of Reorganisation; and

(vi) it establishes the Audit Committee, the Advisory Board, the HR and Remuneration Committee and the Merger Executive Committee in accordance with the Terms of Reference which it also adopts; and

(j) in respect of each Wholly-Owned Subsidiary, that:

(a) the existing directors and, where possible, the existing effective and deputy statutory auditors (*sindaci effettivi e supplenti*) or auditors, as applicable, of each Wholly-Owned Subsidiary to resign from their office with effect as of Completion and deliver the original resignation letters to the relevant Wholly-Owned Subsidiary;

(b) an extraordinary shareholders' meeting of each Wholly-Owned Subsidiary is validly convened in order to resolve on the adoption of new articles, on the basis of the Shareholders' Deed and the MergeCo Articles Extract, in front of a Luxembourg notary or an Italian notary (as applicable);

(c) an ordinary shareholders' meeting of each Wholly-Owned Subsidiary is validly convened in order to resolve on the appointment of: (i) such persons as the Shareholders shall have nominated in accordance with the Shareholders' Deed as the new directors and, among them, the chairman of the board of directors of the same; and (ii) such persons as the Shareholders shall have proposed in accordance with, or as are specified in, the Shareholders' Deed as the new effective and deputy statutory auditors (*sindaci effettivi e supplenti*) and, among them, the chairman of the board of statutory auditors (*collegio sindacale*) of the same or auditors as applicable; and

(d) the board of directors of each Wholly-Owned Subsidiary is validly convened in order to resolve on the appointment of the relevant managing director (*amministratore delegato*) granting him the powers and authorities set out in the agreed form document under the Shareholders' Deed entitled 'MD Delegation'.

PART 4

FINCO COMPLETION OBLIGATIONS

At Completion FinCo shall procure:

(a) in respect of the VIP LuxCo Secondary Contribution, the delivery to VIP LuxCo of the novation deed under which VIP LuxCo novates to FinCo its rights, title, interest and benefits in and to 50% of the Existing HET Loan to H3G II free from all Encumbrances, duly executed by FinCo;

(b) in respect of the HET Secondary Contribution, the delivery to HET of the novation deed under which HET novates to FinCo its rights, title, interest and benefits in and to 50% of the Existing HET Loan to H3G II free from all Encumbrances, duly executed by FinCo;

(c) in respect of the VIP LuxCo Secondary Contribution, HET Secondary Contribution and FinCo Share Issue, the delivery to HET and VIP LuxCo of the FinCo Shareholders' Deed, duly executed by FinCo;

(d) in respect of the FinCo Share Issue, the delivery to HET of new share certificate(s) in the name of HET for the new FinCo Shares issued to HET as part of the FinCo Share Issue credited as fully paid for an amount equal to the face value of the Existing HET Loan contributed by HET;

(e) in respect of the FinCo Share Issue, the delivery to VIP LuxCo of new share certificate(s) in the name of VIP LuxCo for the new FinCo Shares issued to VIP LuxCo as part of the FinCo Share Issue credited as fully paid for an amount equal to the face value of the Existing HET Loan contributed by VIP LuxCo; and

(f) in respect of the steps contemplated by clauses 2 to 6, executed copies of any other instruments of transfer required by law or reasonably requested by another Party to effect the transfers contemplated by such steps;

(g) that a board meeting of FinCo is held at which it is resolved that the matters set out in paragraphs (a) and (e) above are approved.

SCHEDULE 10

NET CASH AND WORKING CAPITAL ADJUSTMENTS

PART 1

POST-COMPLETION FINANCIAL ADJUSTMENTS

1. Preliminary

1.1 In preparing the Wind Completion Statement and the 3 Italia Completion Statement:

(a) the items and amounts to be included in the calculation of Debt, Cash, Net Cash and Working Capital for the purposes of the relevant Completion Statement shall be identified by applying the relevant definition in Schedule 13 (subject, where applicable, to the provisions of paragraph 1 of Part 1 of this Schedule);

(b) in applying each such definition and the provisions of paragraph 1 of Part 1 of this Schedule and determining which items and amounts are to be included in the relevant Completion Statement, if and to the extent that the treatment or characterisation of the relevant item or amount or type or category of item or amount:

(i) is dealt with in the specific accounting treatments set out in paragraph 2 of Part 1 of this Schedule (the **Specific Accounting Treatments**), the relevant Specific Accounting Treatment shall apply;

(ii) is not dealt with in the Specific Accounting Treatments, but is dealt with in the IFRS standard accounting principles, IFRS standard accounting principles shall apply;

(iii) is not dealt with in either the Specific Accounting Treatments or in IFRS standard accounting principles, but is dealt with in the accounting principles, policies, treatments, practices and categorisations used in the preparation of the Wind Accounts or the 3 Italia Accounts, as applicable (the **Previous Accounting Principles**), the applicable Previous Accounting Principles shall apply.

1.2 For the purposes of calculating Debt, Cash and Working Capital for any Core Wind Group Company or 3 Italia Group Company, as applicable, any amounts which are to be included in any such calculation which are expressed in a currency other than euro shall be converted into euro at the Exchange Rate as at the date of Completion. For the avoidance of doubt the amounts in Schedule 12 (which include amounts in currencies other than Euros) have been fixed at a total of €9,913,000,000.

1.3 No balances relating to any transaction implemented after Completion shall be reflected in the Completion Statements.

2. Specific Accounting Treatments

The following Specific Accounting Treatments shall apply in the preparation of the Completion Statements:

(a) In relation to inventory:

(i) items will be valued at the lower of their cost or realisable value;

(ii) non-catalogued items will be provisioned at 100%; and

(iii) slow moving or damaged items will have specific provisions.

(b) In relation to receivables:

(i) receivables will be recorded in Working Capital only to the extent incurred in the ordinary course of business;

(ii) accounts and other receivables overdue (excluding receivables from operators, public administrative bodies, ENEL Group and judicial authorities) will be provisioned at least at 77%;

(iii) receivables not overdue and eligible for sale under non-recourse receivables sale agreements shall be measured net of the cost to be incurred to sell the receivable;

(iv) indirect Tax receivables will be included in Working Capital;

(v) direct Tax receivables shall be excluded from Working Capital;

(vi) interest receivables shall be excluded from Working Capital;

(vii) receivables related to the 2014 Telecom Italia settlement signed on 30 September 2014 shall be excluded from Working Capital; and

(viii) receivables related to Ericsson cash vouchers issued by Telefonaktiebolaget LM Ericsson with letter dated 29 December 2011, and assigned by H3G S.p.A. to H3G PS on 16 January 2012, as subsequently amended in 2013, shall be excluded from Working Capital.

(c) In relation to payables:

(i) payables that are overdue by more than 60 days shall be excluded from Working Capital;

(ii) payables that are overdue from operators by more than 60 days, net of any related receivables, should be excluded from Working Capital;

(iii) indirect Tax payables will be included in Working Capital;

(iv) direct Tax payables shall be excluded from Working Capital;

(v) interest payables shall be excluded from Working Capital;

(vi) payables related to accounting for free of charge assets, discounts and capital grants shall be excluded from Working Capital;

(vii) commissions payable to banks shall be excluded from Working Capital;

(viii) extended payables related to Ericsson (pursuant to the arrangement with KFW (*Kreditanstalt fuer Wiederaufbau*) under which certain Ericsson receivables have been assigned by H3G S.p.A.to KFW) and LTE instalments due to the Ministry of Economic Development for the payment of the right of use of LTE frequencies in bandwidth 1800Mhz and 2600Mhz, assigned to H3G S.p.A. in October 2011 (together with applicable interest), shall be excluded from Working Capital; and

(ix) payables due by Wind to Terna S.p.A. pursuant to an agreement dated 31 December 2012, under which Wind was granted the right of way to place fibre-optic cables within Terna S.p.A.'s network, shall be excluded from Working Capital.

(d) The relevant Completion Statement will:

(i) reflect the Cash, Debt, Net Cash and Working Capital position of the Core Wind Group or the 3 Italia Group, as applicable, as at Completion and will not take into account the effects of any of the transactions contemplated by clauses 2 to 6 of this agreement or, in any way, the post Completion intentions or obligations of H3G II, including, for the avoidance doubt, any reductions in the Debt of the Core Wind Group or increase in the Cash of the Core Wind Group that arises as a result of the use or set off of Reliefs arising in any 3 Italia Group Company;

(ii) provide for dealer commissions to be recognised as intangible assets where recognition criteria are met (i.e. not as receivables);

(iii) provide that cash and cash equivalents will be recognised as at the settlement date);

(iv) exclude any Intercompany Balances repaid at Completion; and

(v) exclude from Net Cash and Working Capital:

(A) any amount in respect of deferred Tax (whether as a liability or an asset); and

(B) any amount in respect of Excluded Transaction Taxes.

3. Completion Statement

3.1 After Completion:

(a) HET shall prepare a draft statement (the **3 Italia Completion Statement**) showing the Debt, Cash, Net Cash and Working Capital of the 3 Italia Group as at Completion; and

(b) VIP shall prepare a draft statement (the **Wind Completion Statement**, together with the 3 Italia Completion Statement, being the **Completion Statements** and each a **Completion Statement**) showing the Debt, Cash, Net Cash and Working Capital of the Core Wind Group as at Completion.

3.2 The Completion Statements shall be in the form set out in Part 3 of Schedule 10 showing the calculation of the Net Cash and the Working Capital of the 3 Italia Group or Core Wind Group, as applicable. The Shareholders shall deliver their draft Completion Statements to each other within 60 days of Completion.

3.3 Each Shareholder shall notify the other in writing (a **Completion Statement Notice**) within 45 days after receipt of the other Shareholder's draft Completion Statement whether or not it accepts the other Shareholder's draft Completion Statement for the purposes of this agreement. If a Shareholder (the **Rejecting Party**) does not accept the other Shareholder's (the **Preparing Party**) draft Completion Statement, the Completion Statement Notice shall set out in detail the Rejecting Party's reasons for such non-acceptance and specify the adjustments which, in the Rejecting Party's opinion, should be made to the Preparing Party's draft Completion Statement in order for it to comply with the requirements of this agreement. Except for the matters specifically set out in the Completion Statement Notice, the Rejecting Party shall be deemed to have agreed the Preparing Party's draft Completion Statement in full.

3.4 If the Rejecting Party serves a Completion Statement Notice in accordance with paragraph 3.3 above, stating in the Completion Statement Notice that the Rejecting Party does not accept the Completion Statement, the Preparing Party and the Rejecting Party shall use all reasonable endeavours to meet and discuss the objections of the Rejecting Party and to agree the adjustments (if any) required to be made to the Preparing Party's draft Completion Statement, in each case within 15 days after receipt by the Preparing Party of the Completion Statement Notice.

3.5 If the Rejecting Party is satisfied with the draft Completion Statement (either as originally submitted or after adjustments agreed between the Preparing Party and the Rejecting Party pursuant to paragraph 4) or if the Rejecting Party fails to give a valid Completion Statement Notice within the 45 day period referred to in paragraph 3, then the draft Completion Statement (incorporating any agreed adjustments) shall constitute the Completion Statement for the purposes of this agreement.

3.6 If the Preparing Party and the Rejecting Party do not reach agreement within 45 days after receipt by the Preparing Party of the Completion Statement Notice, then the matters in dispute may be referred (on the application of either the Preparing Party or the Rejecting Party) for determination by KPMG LLP (UK) or, if that firm is unable or unwilling to act, by such other independent firm of chartered accountants of international standing as the Preparing Party and the Rejecting Party shall agree or, failing agreement within five days of the Preparing Party and the Rejecting Party becoming aware of KPMG LLP (UK) being unable or unwilling to act, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales (the **Firm**). The Firm shall be requested to make its decision within 10 days (or such later date as the Preparing Party, the Rejecting Party and the Firm agree in writing) of confirmation and acknowledgement by the Firm of its appointment. The following provisions shall apply once the Firm has been appointed:

(a) the Preparing Party and Rejecting Party shall each prepare a written statement within 15 days after the Firm's appointment on the matters in dispute which (together with the relevant supporting documents) shall be submitted to the Firm for determination and copied at the same time to the other;

(b) following delivery of their respective submissions, the Rejecting Party and the Preparing Party shall each have the opportunity to comment once only on the other's submission by written comment delivered to the Firm not later than ten days after receipt of the other's submission and, thereafter, neither the Preparing Party nor the Rejecting Party shall be entitled to make further statements or submissions except insofar as the Firm so requests (in which case it shall, on each occasion, give the other party (unless otherwise directed) ten days to respond to any statements or submission so made);

(c) in giving its determination, the Firm shall state what adjustments (if any) are necessary, solely for the purposes of this agreement, to the draft Completion Statement in respect of the matters in dispute in order to comply with the requirements of this agreement and to determine finally the Completion Statement;

(d) the Firm shall act as an expert (and not as an arbitrator) in making its determination which shall, in the absence of manifest error, be final and binding on the parties and, without prejudice to any other rights which they may respectively have under this agreement, the parties expressly waive, to the extent permitted by law, any rights of recourse they may otherwise have to challenge it.

3.7 The Shareholders shall each be responsible for their own costs in connection with the preparation, review and agreement or determination of the draft Completion Statements. The fees and expenses of the Firm shall be borne equally between the Shareholders or in such other proportions as the Firm shall determine.

3.8 To enable the Shareholders to each meet their obligations under this Schedule, H3G II shall provide to HET, VIP and their respective accountants full access to the accounting, financial, Tax or other books and records, employees and premises of the members of the 3 Italia Group and Core Wind Group, as applicable, and, where relevant, of H3G II for the period from Completion to the date that the draft Completion Statement is agreed or determined. H3G II shall co-operate fully with the Shareholder and shall permit HET, VIP and/or their respective representatives to take copies (including electronic copies) of the relevant books and records and shall provide all assistance reasonably requested by HET and/or VIP to facilitate the preparation of the Completion Statements.

3.9 If a Rejecting Party serves a Completion Statement Notice stating that it does not accept the Preparing Party's Completion Statement, it shall ensure that the Preparing Party and the Preparing Party's nominated representatives shall be given reasonable access to the Rejecting Party's and the Rejecting Party's accountants' working papers relating to the adjustments proposed in the Completion Statement Notice and any other submissions by or on behalf of the Rejecting Party in relation to the Preparing Party's Completion Statement. Subject to the provisions of paragraph 5 of Part 1 of this Schedule, when the Completion Statements have been agreed or determined in accordance with the preceding paragraphs, then the amounts shown in the Completion Statements as the Working Capital, Debt and Cash for each 3 Italia Group Company or Core Wind Group Company, as applicable, shall be final and binding for the purposes of this agreement.

4. Financial Adjustments

4.1 When the Wind Completion Statement and the 3 Italia Completion Statement have been finally agreed or determined in accordance with paragraph 3 of Part 1 of this Schedule 10, the adjustments set out below shall be made.

4.2 In respect of the 3 Italia Group, the following adjustments shall be made:

(a) In relation to the 3 Italia Group's Net Cash, an adjustment shall be made if the 3 Italia Final Net Cash is less than the 3 Italia Estimated Net Cash, in which case the adjustment will be:

(i) if there was a 3 Italia Estimated Net Cash Shortfall at Completion, the amount by which the aggregate of the 3 Italia Final Net Cash plus the Final Excess Working Capital of the 3 Italia Group (if any) is less than the 3 Italia Estimated Net Cash;

(ii) if there was no 3 Italia Estimated Net Cash Shortfall at Completion, the amount by which the aggregate of the 3 Italia Final Net Cash plus the Final Excess Working Capital of the 3 Italia Group (if any) is less than the 3 Italia Target Net Cash,

any such adjustment being a **3 Italia Final Net Cash Shortfall**.

(b) In relation to the 3 Italia Group's Working Capital, an adjustment shall be made:

(i) if there was a 3 Italia Estimated Working Capital Shortfall at Completion, equal to the amount by which the aggregate of the 3 Italia Final Working Capital plus the Final Excess Cash of the 3 Italia Group is less than the 3 Italia Estimated Working Capital;

(ii) if there was no 3 Italia Estimated Working Capital Shortfall at Completion, equal to the amount by which the aggregate of the 3 Italia Final Working Capital plus the Final Excess Cash of the 3 Italia Group (if any) is less than the 3 Italia Target Working Capital,

any such adjustment being a **3 Italia Final Working Capital Shortfall**.

(c) The **3 Italia Final Adjustment** will be calculated by adding any 3 Italia Final Net Cash Shortfall to any 3 Italia Final Working Capital Shortfall.

4.3 In respect of the Core Wind Group, the following adjustments shall be made:

(a) In relation to the Core Wind Group's Net Cash, an adjustment shall be made if the Wind Final Net Cash is less than the Wind Estimated Net Cash, in which case the adjustment will be:

(i) if there was a Wind Estimated Net Cash Shortfall at Completion, the amount by which the aggregate of the Wind Final Net Cash plus the Final Excess Working Capital of the Core Wind Group is less than the Wind Estimated Net Cash; and

(ii) if there was no Wind Estimated Net Cash Shortfall at Completion, the amount by which the aggregate of the Wind Final Net Cash plus the Final Excess Working Capital of the Core Wind Group (if any) is less than the Wind Target Net Cash,

any such adjustment being a **Wind Final Net Cash Shortfall**.

(b) In relation to the Core Wind Group's Working Capital, an adjustment shall be made:

(i) if there was a Wind Estimated Working Capital Shortfall at Completion, equal to the amount by which the aggregate of the Wind Final Working Capital plus the Final Excess Cash of the Core Wind Group (if any) is less than the Wind Estimated Working Capital; or

(ii) if there was no Wind Estimated Working Capital Shortfall at Completion, equal to the amount by which the aggregate of the Wind Final Working Capital plus the Final Excess Cash of the Core Wind Group (if any) is less than the Wind Target Working Capital,

any such adjustment being a **Wind Final Working Capital Shortfall**.

(c) The **Wind Final Adjustment** will be calculated by adding the Wind Final Net Cash Shortfall to the Wind Final Working Capital Shortfall.

4.4 Following agreement or determination of the Wind Completion Statement and the 3 Italia Completion Statement the following payments will be made by HET or VIP (as applicable):

(a) if the 3 Italia Final Adjustment is greater than the Wind Final Adjustment, HET shall pay to VIP (or such other member of the VIP Group as may be nominated by VIP) 50% of the difference as follows:

(i) in cash on the date on which the payment first becomes due and payable; or

(ii) if HET so elects: (A) the payment shall be left outstanding as an undertaking to pay VIP carrying interest from Completion (at a rate equal to the H3G II Cost of Capital and calculated on the basis of the actual number of days elapsed divided by 365 days), until such time as the amount due, together with accrued interest, is received in full by VIP (or such nominated member of the VIP Group); and (B) HET shall procure that H3G II or FinCo pays any amounts in respect of any dividends, distributions or other returns of value due from H3G II or FinCo to HET or any transferee of shares in H3G II or FinCo in accordance with the Shareholders' Deed directly to VIP (or such nominated member of the VIP Group) in discharge of such undertaking and interest to the extent of the payment received by VIP (or such nominated member of the VIP Group); or

(b) if the Wind Final Adjustment is greater than the 3 Italia Final Adjustment VIP shall pay to HET (or such other member of the HET Group as may be nominated by HET) 50% of the difference as follows:

(i) in cash on the date on which the payment first becomes due and payable; or

(ii) if VIP so elects: (A) the payment shall be left outstanding as an undertaking to pay HET carrying interest from Completion (at a rate equal to the H3G II Cost of Capital and calculated on the bases of the actual number of days elapsed divided by 365 days), until such time as the amount due, together with accrued interest, is received in full by HET (or such nominated member of the HET Group); and (B) VIP shall procure that H3G II or FinCo pays any amounts in respect of any dividends, distributions or other returns of value due from H3G II or FinCo to VIP or VIP LuxCo or any transferee of shares in H3G II or FinCo in accordance with the Shareholders' Deed directly to HET (or such nominated member of the HET Group) in discharge of such undertaking and interest to the extent of the payment received by HET (or such nominated member of the HET Group).

5. Adjustments for Tax

5.1 Not later than 20 Business Days following each anniversary of Completion, either Shareholder may notify the other Shareholder in writing (a **Tax Adjustment Notice**) if it considers that any Debt Tax Liability has been finally determined in the 12 months preceding that anniversary.

5.2 Within 20 Business Days of any Tax Adjustment Notice (or, if more than one Tax Adjustment Notice is served in relation to the same anniversary of Completion, within 20 Business Days of the later of those Tax Adjustment Notices):

(a) HET shall prepare a draft statement for each member of the 3 Italia Group (a **3 Italia Adjustment Statement**); and

(b) VIP shall prepare a draft statement for each member of the Core Wind Group (a **Wind Adjustment Statement**, together with the **3 Italia Adjustment Statement** being the **Adjustment Statements** and each an **Adjustment Statement**),

in each case containing the information specified and in the form required by paragraphs 3.1 and 3.2 of Part 1 of this Schedule, and in accordance with the provisions of paragraph 1 and 2 of Part 1 of this Schedule (as if references to Completion Statements or any Completion Statement in those Parts were references to Adjustment Statements or any Adjustment Statements), provided that the only differences between each Adjustment Statement and its respective Completion Statement shall be those required to reflect any change to any Debt Tax Liability that has been finally determined since the date of Completion, as notified in any Tax Adjustment Notice.

5.3 Paragraphs 3.3 to 3.9 of Part 1 of this Schedule shall apply for the purposes of finally agreeing or determining any Adjustment Statements, as if references to Completion Statements or any Completion Statement in those paragraphs were references to Adjustment Statements or any Adjustment Statements.

5.4 Following the final agreement or determination of any Adjustment Statements:

(a) the 3 Italia Final Adjustment and the Wind Final Adjustment shall be re-calculated on the basis of those Adjustment Statements; and

(b) adjustments shall be made to the payments currently left outstanding pursuant to paragraph 4.4 of Part 1 of this Schedule; and if necessary, additional payments shall be made between the Parties, to reflect the position that the Parties would have been in had the re-calculated 3 Italia Final Adjustment and Wind Final Adjustment been used for the purpose of calculating the payments required pursuant to paragraph 4.4 of Part 1 of this Schedule (on the assumption that, if an additional payment would have been required from either Party, that Party would have elected to leave it outstanding as an undertaking to pay pursuant to paragraph 4.4(a)(ii) or 4.4(b)(ii), as appropriate),

and, in this paragraph 5.4, references to the Original 3 Italia Final Adjustment and the Original Wind Final Adjustment are, respectively, to the 3 Italia Final Adjustment and the Wind Final Adjustment in each case as finally agreed or determined under paragraph 4 of this Part 1 of this Schedule, before any re-calculation under this paragraph 5.4.

5.5 If the parties do not reach agreement as to the adjustments and/or payments required pursuant to paragraph 5.4 of this Part 1 of this Schedule within 45 days of the final agreement or determination of the relevant Adjustment Statements, then paragraph 3.6 shall apply to determine the adjustments and/or payments required pursuant to paragraph 5.4 of this Part 1 of this Schedule as a result of those Adjustment Statements, as it would apply to determine matters in dispute in a draft Completion Statement.

5.6 For the avoidance of doubt, clause 32 shall apply to any payment required pursuant to paragraph 5.4 of this Part 1 of this Schedule.

5.7 For the purpose of this paragraph 5 of Part 1 of this Schedule, a Tax liability shall be deemed to be finally determined when, in respect of such liability, a decision of a court or tribunal is given or any binding settlement, agreement or determination is made, from which either no appeal lies or in respect of which no appeal is made within the prescribed time limit.

5.8 For the avoidance of doubt, the Cash, Debt, Net Cash and Working Capital shown in any Adjustment Statement shall be identical to the Cash, Debt, Net Cash and Working Capital shown in the respective Completion Statement, subject only to any change to paragraph (j) of the definition of Debt to reflect any Debt Tax Liability that has been finally determined since Completion.

5.9 For the avoidance of doubt, each Shareholder may serve more than one Tax Adjustment Notice pursuant to paragraph 5.1 of this Part 1 of this Schedule and the provisions of this paragraph 5 shall apply in respect of each anniversary of Completion in relation to which one or more Tax Adjustment Notices are served.

PART 2

FORM OF QUARTERLY UPDATES

	Latest Quarter	Previous Quarter	Movement
Inventory	xxx	xxx	xxx
Trade Receivables	xxx	xxx	xxx
Other Receivables	xxx	xxx	xxx
Receivables Provision	xxx	xxx	xxx
Trade Payables	xxx	xxx	xxx
Other Payables	xxx	xxx	xxx
Adjusted Working Capital	**xxx**	**xxx**	**xxx**
Cash and Cash Equivalents	xxx	xxx	xxx
Current Financial Assets	xxx	xxx	xxx
Non Current Financial Assets	xxx	xxx	xxx
Current Financial Liabilities	xxx	xxx	xxx
Non Current Financial Liabilities	xxx	xxx	xxx
Overdue Accounts Payable	xxx	xxx	xxx
Overdue Tax Payables	xxx	xxx	xxx
LTE Spectrum Payables	xxx	xxx	xxx
Other Debt Items	xxx	xxx	xxx
Net Cash	**xxx**	**xxx**	**xxx**

PART 3

FORM OF COMPLETION STATEMENTS

	Estimate	Final
Inventory	xxx	xxx
Trade Receivables	xxx	xxx
Other Receivables	xxx	xxx
Receivables Provision	xxx	xxx
Trade Payables	xxx	xxx
Other Payables	xxx	xxx
Adjusted Working Capital	**xxx**	**xxx**
Cash and Cash Equivalents	xxx	xxx
Current Financial Assets	xxx	xxx
Non Current Financial Assets	xxx	xxx
Current Financial Liabilities	xxx	xxx
Non Current Financial Liabilities	xxx	xxx
Overdue Accounts Payable	xxx	xxx
Overdue Tax Payables	xxx	xxx
LTE Spectrum Payables	xxx	xxx
Other Debt Items	xxx	xxx
Net Cash	**xxx**	**xxx**

SCHEDULE 11

VIP INDEMNITIES

Counterparty	Pending before	Proceeding ID Number
Fastweb S.p.A. (related to the antitrust case A357)	Court of Rome	R.G. No. 87795/2013
Uno Communications S.p.A (related to the antitrust case A357)	Court of Rome	R.G. No. 8887/2014
Teleunit S.p.A. (related to the antitrust case A357)	Court of Rome	R.G. No. 75236/08
Eutelia S.p.A. (then Eutelia S.p.A. in Amministrazione Straordinaria) (related to the antitrust case A357)	Court of Rome	R.G. No. 31498/09
Eutelia S.p.A. in Amministrazione Straordinaria (alleged abuse of dominant position and abuse of economic dependence)	Court of Rome	R.G. No. 34957/2012

SCHEDULE 12

CORE WIND GROUP EXTERNAL DEBT AND DERIVATIVE INSTRUMENTS

PART 1

DERIVATIVE OBLIGATIONS

Name	Outstanding Debt	Maturity	Amount	EUR notional	Outstanding Hedge	% of Outstanding Hedge	Swap Type	Hedging Details	Wind Pays	Wind Receives	Derivative MTM at 1Q15 (EUR)	Derivative maturity	Entity
SFA	€700m Euribor 6M+4.25%	26-Nov-19	700	600	600	86%	IRS	Fix vs float	2.76% €	Euribor 6m	(24)	26-Sep-16	Wind
				100	100	14%	IRS	Fix vs float	3.13% €	Euribor 6m	(8)	26-Sep-17	Wind
FRN 2019	€150m Euribor 3M+5.25%	30-Apr-19	150	150	150	100%	IRS	Fix vs float	0.73% €	Euribor 6m	(2)	30-Oct-16	Wind
SSN 2020	$550m 6.5%	30-Apr-20	550	420	550	100%	CCS	Fix USD vs Float EUR	€6m+5.13%	6.5% $	99	30-Apr-20	WAF
				300	300	55%	IRS	Float EUR vs Fix EUR	1.429% €	Euribor 6m	(19)	30-Apr-20	Wind
				120	120	22%	IRS	Float EUR vs Fix EUR	1.665% €	Euribor 6m	(9)	30-Apr-20	Wind
SSN 2020	SSN $1,900m 4.75%	15-Jul-20	1,900	984	1,325	70%	CCS	Fix USD vs Fix EUR	4.35% €	4.75% $	210	15-Jul-20	WAF
				429	575	30%	CCS	Fix USD vs Float EUR	€6m+3.56%	4.75% $	102	15-Jul-20	WAF
FRN 2020	FRN €400m Euribor 3M+4.125%	15-Jul-20	400	100	100	25%	IRS	Fix vs float	3.145% €	Euribor 3m	(8)	26-Sep-17	Wind
SSN 2021	$2,800m 7.375%	23-Apr-21	2,800	1,450	2,000	71%	CCS	Fix USD vs Fix EUR	6.44% €	7.375% $	448	23-Apr-21	WAF
				580	800	29%	CCS	Fix USD vs Float EUR	€6m+5.07%	7.375% $	220	23-Apr-21	WAF
Total[1]											1,079		

PART 2

DEBT INSTRUMENTS

€m	BV Mar-2015	Cash Margin / Coupon	Maturity	Capitalized Fees[1]
RCF	—	4.250%	26-Nov-19	
SFA (€700m)	700	4.250%	26-Nov-19	(38)
Floating Rate Notes 2019 (€150m)	150	5.250%	30-Apr-19	(2)
Sr Secured Notes 2020 ($550m)	520	6.500%	30-Apr-20	(7)
Sr Secured Notes 2020 (€2.475bn)	2,475	4.000%	15-Jul-20	(27)
Sr Secured Notes 2020 ($1.9bn)	1,725	4.750%	15-Jul-20	
Floating Rate Notes 2020 (€575m)	575	4.000%	15-Jul-20	(7)
Floating Rate Notes 2020 (€400m)	400	4.125%	15-Jul-20	(6)
Senior Secured Debt	**6,544**			**(88)**
Sr Notes 2021 ($2.8bn)	2,698	7.375%	23-Apr-21	
Sr Notes 2021 (€1.75bn)	1,750	7.000%	23-Apr-21	(46)
Senior Secured Debt & Senior debt	**10,992**			**(133)**

SCHEDULE 13

DEFINITIONS AND INTERPRETATION

1. In this agreement:

3 Italia means 3 Italia S.p.A., a joint stock company incorporated under the laws of Italy having its registered office at Via Leonardo da Vinci, 1, 20090 Tezzano sul Naviglio, Milan, Italy registered with the Companies' Register of Milan under No. and fiscal code 02547170924, REA number No. MI – 160887;

3 Italia Accounts means the 3 Italia Italian Group Companies Accounts and the H3G II Accounts;

3 Italia Accounts Date means 31 December 2014;

3 Italia Acquisition means any acquisition to be made by H3G II to acquire any Equity Interests held by a third party in 3 Italia;

3 Italia Adjustment Statement has the meaning given in paragraph 5.2 of Part 1 of Schedule 10;

3 Italia Completion Statement has the meaning given in paragraph 3.1 of Part 1 of Schedule 10;

3 Italia Data Room means the 3 Italia Physical Data Room and the 3 Italia Virtual Data Room;

3 Italia Estimated Adjustment has the meaning given in clause 7.4(c);

3 Italia Estimated Net Cash means the estimate of what Net Cash of the 3 Italia Group will be at Completion as set out in the 3 Italia Estimates provided in accordance with clause 7.3(a);

3 Italia Estimated Net Cash Shortfall has the meaning given in clause 7.4(a);

3 Italia Estimated Working Capital means the estimate of what Working Capital of the 3 Italia Group will be at Completion as set out in the 3 Italia Estimates provided in accordance with clause 7.3(a);

3 Italia Estimated Working Capital Shortfall has the meaning given in clause 7.4(b);

3 Italia Estimates has the meaning given in clause 7.3(a);

3 Italia Executives means Dina Ravera and Stefano Invernizzi;

3 Italia Facilities Agreement means the Export Credit Agreement to make down payments on and in accordance with a commercial agreement with Ericsson, with AB Svenst Export Kredit for an amount of EUR460,326,000, entered into on July 2009;

3 Italia Final Adjustment has the meaning given in paragraph 4.2 of Part 1 of Schedule 10;

3 Italia Final Net Cash means the Net Cash of the 3 Italia Group at Completion as agreed by HET and VIP or determined by the Firm (as applicable) in accordance with Part 1 of Schedule 10;

3 Italia Final Net Cash Shortfall has the meaning given in paragraph 4.2 of Part 1 of Schedule 10;

3 Italia Final Working Capital means the Working Capital of the 3 Italia Group at Completion as agreed by HET and VIP or determined by the Firm (as applicable) in accordance with Part 1 of Schedule 10;

3 Italia Final Working Capital Shortfall has the meaning given in paragraph 4.2 of Part 1 of Schedule 10;

3 Italia Financing Documents means the documents provided in folder 3 of the 3 Italia Virtual Data Room;

3 Italia Group means H3G II, 3 Italia S.p.A., H3G S.p.A. and 3Lettronica Industriale S.p.A., collectively, and 3 Italia Group Company means any of them;

3 Italia Intercompany Agreement has the meaning given in paragraph 14.1 of Schedule 6;

3 Italia IPRs has the meaning given in paragraph 26.1 of Schedule 6;

3 Italia IT Agreements has the meaning given in paragraph 27(a) of Schedule 6;

3 Italia Italian Group Companies Accounts means:

(a) the audited balance sheets of 3 Italia, H3G S.p.A. and 3lettronica Industriale S.p.A. as at 31 December of 2012, 2013 and 2014, including the relevant audited profit and loss accounts for each such financial year; and

(b) the audited consolidated balance sheets of the 3 Italia Group (excluding H3G II) as at those dates, including the relevant audited consolidated profit and loss accounts for each such financial year,

and in all cases the notes and directors' reports relating to them;

3 Italia Key Material Contracts means all agreements:

(a) contained in folder 4.1 of the 3 Italia Virtual Data Room;

(b) listed in document 4.6 of the 3 Italia Virtual Data Room;

(c) listed in document 4.11 of the 3 Italia Virtual Data Room;

(d) contained in folder 7.2.1.2 of the 3 Italia Virtual Data Room; and

(e) the 3 Italia Withheld Contracts,

and any other agreement which is critical to the operation of the business of the 3 Italia Group Companies as carried out at the date of this agreement;

3 Italia Management Accounts has the meaning given in paragraph 19.1 of Schedule 6;

3 Italia Parent Guarantee means a Guarantee given by a member of the HET Group other than the 3 Italia Group to secure the performance of a member of the 3 Italia Group;

3 Italia Physical Data Room the material and information on the 3 Italia Group made available by HET to the VIP Solicitors in the physical data rooms held with the Italian office and the London office of the HET Solicitors, one physical copy of which was made available to the VIP Solicitors between the period of 11 May 2015 to 20 May 2015;

3 Italia Properties means the following properties (and includes any part of each of them):

(a) the real estate property located in Trezzano sul Naviglio (Milan), via Leonardo da Vinci 1 (as leased as of the date of this agreement by virtue of the lease agreement with The real estate Contractors Ltd.); and

(b) the real estate property located in Rome, via Cristoforo Colombo 416-420 / via Alessandro Severo 246 (as leased as of the date of this agreement by virtue of the lease agreement with BNP Paribas Real Estate Investment Management Italy S.G.R. p.A. (now Amundi RE Italia S.G.R.));

3 Italia Quarterly Update has the meaning given in clause 7.2(a);

3 Italia Scheme Documents means, in relation to a 3 Italia Scheme, full particulars of all the benefits to be provided by that 3 Italia Scheme;

3 Italia Schemes means all the mandatory and/or complementary pension and/or healthcare schemes joined by the employees of any of the 3 Italia Group Companies;

3 Italia Senior Managers means the holders of each of the following positions in respect of the 3 Italia Group Companies (except H3G II): Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Technology Officer, Sales Manager, Marketing & Strategy Director, Human Resource Director, Internal Auditing Director, Institutional and Regulatory Affairs Director, Legal Affairs Director;

3 Italia Sites means those sites where, as of 28 April 2015, the 3 Italia Group locates network infrastructure, whether owned, leased, licensed by a 3 Italia Group Company or on which the equipment is hosted by a third party;

3 Italia Systems has the meaning given in paragraph 27 of Schedule 6;

3 Italia Target Net Cash means €15,000,000 (comprising targets of €200,000,000 for Cash and €185,000,000 for Debt) which, for the avoidance of doubt, includes the €200,000,000 that HET is required to procure is held by the 3 Italia Group as at Completion in accordance with clause 19.10;

3 Italia Target Working Capital means €0 (zero);

3 Italia Virtual Data Room means the material and information on the 3 Italia Group made available by HET to the VIP Guarantor and its advisers in the electronic data room held with RR Donnelley (including both "clean team" and "super clean team" material and information as well as the Q&A materials), one digital copy of which has been provided to each of the HET Solicitors and the VIP Solicitors as at 18:12:27 CET on 3 August 2015;

3 Italia Withheld Contracts means each of the following:

(a) Master Services Agreement with Ericsson Telecomunicazioni S.p.A. entered into by H3G S.p.A. on 1 July 2009 (as amended from time to time);

(b) Network Supply Agreement with Ericsson Telecomunicazioni S.p.A. entered into by H3G S.p.A. on 6 May 2009 (as amended from time to time);

(c) Data Centre Outsourcing Agreement with Ericsson Telecomunicazioni S.p.A. entered into by H3G S.p.A. on 1 July 2010 (as amended from time to time); and

(d) Agreement of right of use with Ericsson Telecomunicazioni S.p.A. entered into on 31 May 2013;

Accounting Policies means the policies describing the basis of preparation of the consolidated financial statements of the Group from Completion in the Agreed Form;

Adjustment Statements has the meaning given in paragraph 5.2 of Part 1 of Schedule 10 and **Adjustment Statement** means any of them;

Advisory Board means the standing body of expert advisers established by H3G II on Completion;

Affiliates means, in relation to any Party or other entity, any Subsidiary or Parent Company of that Party or other entity and any Subsidiary of any such Parent Company, in each case from time to time;

AGCOM means the Italian Authority for Communications Guarantees (*Autorità per le Garanzie nelle Comunicazioni*);

Agreed Business Plan means the business plan of the Group for the three years from Completion, contemplating both Scenario One and Scenario Two, in the Agreed Form, which for the avoidance of doubt, will not be implemented prior to Completion;

Agreed Form means, in relation to any document, the form of that document which has been initialled for the purpose of identification by or on behalf of the Shareholders with such changes as the Shareholders may agree in writing before Completion;

Agreed Press Releases means the press releases for the transactions contemplated by the Transaction Documents to be issued by the HET Guarantor and the VIP Guarantor on or around the date of this agreement, in substantially the form shared between the Shareholders prior to the date of this agreement;

Ancillary Benefit has the meaning given in clause 24.3;

Anti-corruption Laws means applicable Laws concerning corruption or bribery, including, without limitation, Law 231 of the Republic of Italy, the United Kingdom Bribery Act 2010, and the U.S. Foreign Corrupt Practices Act;

Anti-money Laundering Laws means any Laws concerning money laundering;

Attributed Entity has the meaning given in clause 18.5;

Audit Committee means the audit committee of the board of H3G II established on Completion;

Business Day means a day (other than a Saturday or Sunday) on which banks are generally open in London, Milan, Amsterdam, Luxembourg and Hong Kong for normal business;

Cash means, in relation to each of the Core Wind Group or the 3 Italia Group, as applicable, on a consolidated basis and without duplication:

(a) the cash and cash equivalents (as defined under IFRS) and marketable securities (if they can be readily converted into cash in a maximum of 30 days) as derived from the underlying books and records of the Core Wind Group or the 3 Italia Group; and

(b) excluding:

 (i) any cash and cash equivalents that are not capable of being lawfully spent, distributed, loaned or received by the relevant company free of any restrictions within 30 days, or if capable of being so lawfully spent, distributed, loaned or received free of restrictions only after a withholding, deduction, or incurrence of a cost, then less the amount of such withholding, deduction or cost;

(ii) any cash received from customers with respect to receivables that were subject to factoring, assignment or securitisation arrangements;

(iii) any cash received on behalf of third parties and required to be paid to them in due course;

(iv) litigation deposits;

(v) the Galata Proceeds received by any member of the Core Wind Group in connection with the exercise of the Galata Put Option;

(vi) any proceeds received by any member of the VIP Group in relation to the SSEA Indemnity Proceedings;

(vii) any reimbursement or assignment of a receivable in accordance with clause 17.6; and

(viii) any amount received by any Core Wind Group Company as a result of any offset or settlement of the Wind Tax Receivable and the Wind Tax Payable in accordance with Schedule 9;

Cash Leakage means

(a) any dividend or distribution (whether in cash or in kind) or any return of capital (whether by reduction of capital or redemption or purchase of shares) from any member of the Core Wind Group (other than between wholly-owned subsidiaries within the Core Wind Group);

(b) any payment of interest or repayment of principal in respect of any Intercompany Balances owed by any member of the Core Wind Group;

(c) any management, service or other charges, or fees, costs, recharges, bonuses or other sums, paid or incurred by any member of the Core Wind Group, in favour of any member of the VIP Group (other than a member of the Core Wind Group) except (i) any repayment between the date of this agreement and Completion of any management fees up to €60,000,000 in aggregate; or (ii) international roaming and interconnect payments in the ordinary course of business and on arm's length terms; (iii) any payment between the date of this agreement and Completion required under the Wind Tax Agreement or required by law to Wind Telecom in connection with the Wind Tax Group (in each case) to the extent these payments and repayments are permitted by the Wind Financing Documents and by applicable Laws; and

(d) any other payments made (whether in cash or kind) or benefits conferred by any member of the Core Wind Group to or on a member of the VIP Group;

Commitment has the meaning given in clause 8.6;

Commitment Offer has the meaning given in clause 8.6;

Completion means the implementation of the matters described in clause 22.2;

Completion FinCo Articles means the articles of association of FinCo to be adopted on Completion;

Completion H3G II Articles means the articles of association of H3G II to be adopted on Completion in the Agreed Form and which shall include the new name of H3G II to be agreed by the Shareholders prior to Completion;

Completion Statement has the meaning given in paragraph 3.1 of Part 1 of Schedule 10;

Completion Statement Notice has the meaning given in paragraph 3.3 of Part 1 of Schedule 10;

Concentration has the meaning given in clause 8.2;

Core Wind Group means the following:

(a) WAHF;

(b) Wind TS;

(c) Wind Retail S.r.l.; and

(d) Wind Acquisition Finance S.A.,

and **Core Wind Group Company** means any of them;

Costs means costs (including reasonable legal costs) and expenses (including in respect of Tax), in each case of any nature whatsoever;

Costs Payee Party has the meaning given in clause 27.2;

Costs Paying Party has the meaning given in clause 27.2;

Crystallised Tax Liability means any liability to Tax (whether potential, actual, contingent or disputed, but excluding any deferred Tax liability) of any member of the 3 Italia Group or the Core Wind Group (as applicable) in respect of which an assessment has been issued, or a report or notice has been received, on or before the date of Completion, from the relevant Taxation Authorities (which in Italy shall include the relevant Tax collecting agent ("*concessionario o agente della riscossione*"), including for the avoidance of doubt in Italy any case where:

(a) a Tax assessment, a notice of application of Tax penalties, a request for payment of Taxes or a deed of enforcement and collection of Taxes (including, without limitation, "*avviso di accertamento*", "*invito a comparise o al contraddittorio*", "*avviso di liquidazione*", "*avviso di rettifica e liquidazione*", "*cartella di pagamento*","*comunicazione ex. Art 36-bis or 36-ter of D.P.R. n. 600/1973 or 54-bis of D.P.R. n. 633/1972*", "*atto di contestazione di sanzioni*", "*atto di irrogazione di sanzioni*", "*atto di pignoraminto*", "*inscrizione di ipoteca*", "*espropriazione immobiliare*" or "*fermo amministrativo*") has been issued;

(b) a Tax audit report (including, without limitation, "*processo verbale di verifica*" or "*processo verbale di contraddittorio*") or any ruling (including, without limitation, "*interpello*") has been received from the relevant Taxation Authorities;

(c) a Tax settlement (including, without limitation, "*acquiscenza*", "*atto di adesione*", "*atto di accertamento con adesione*", "*adesione all'invito a comparire*", "*adesione al processo verbale di constatazione*" or "*atto di conciliazione*") has been signed or concluded; or

(d) a voluntary assessment or restatement of higher taxes due by the taxpayer (including, without limitation, "*ravvedimento operoso*") has been made,

in each case (whether in Italy or elsewhere) indicating that the relevant Taxation Authorities intend to challenge or dispute (or disagree with the interpretation of the taxpayer as to) the treatment of an item or Event that may result in Tax being payable or that they consider Tax is payable, whether or not the amount is quantified or specified;

Debt means: (x) in relation to the Core Wind Group, the Financial Indebtedness of the Core Wind Group as set out in Schedule 12 (at the amounts set out in Schedule 12 totalling €9,913,000,000 and excluding, for the avoidance of doubt, any repayment of such Financial Indebtedness prior to Completion); and (y) in relation to each of the Core Wind Group (in addition to the Financial Indebtedness of the Core Wind Group as set out in Schedule 12) or the 3 Italia Group, as applicable, on a consolidated basis and without duplication:

(a) the outstanding principal of and premium and/or penalties (if any) and all accrued and unpaid interest in respect of Financial Indebtedness (including, in relation to the Core Wind Group, any drawn balance as at Completion on the revolving credit facility included in Schedule 12 at zero) with the exception of any intercompany balances other than as set out in paragraph (t) below;

(b) any obligations that are required to be classified and accounted for as a finance lease for financial reporting purposes in accordance with IFRS, and the amount of indebtedness represented by such obligations will be the capitalised amount of such obligation at the time any determination is to be made as determined in accordance with IFRS;

(c) all financial obligations of other persons secured by a guarantee, indemnity, or counter-indemnity given by, or a lien, mortgage, pledge, encumbrance or charge of any kind on any asset of, a member of the 3 Italia Group or the Core Wind Group, whether or not such financial obligations are assumed;

(d) financial obligations evidenced by notes, bonds, debentures, loan stock or similar instruments whether convertible or not, including those incurred in connection with the acquisition of property, assets or businesses;

(e) to the extent not otherwise included in this definition, the mark-to-market 'out of the money' negative effect of all derivative instruments not included in Schedule 12 or entered into in breach of the pre-completion covenant set out in clause 19.11 or 19.12 in which a party is a participant (or with respect to which a party has rights and/or obligations), as if they are to be terminated on Completion, and any costs and fees related to the termination of such instruments;

(f) obligations in respect of dividends declared or other income distributions or capital distributions payable by a member of the 3 Italia Group or the Core Wind Group to any person that is not a member of the 3 Italia Group or the Core Wind Group;

(g) unpaid adviser or other fees or expenses (or re-charges of such fees or expenses) with respect to the transactions contemplated by this agreement;

(h) any commissions payable to banks;

(i) any record of, or provision or accrual for, any liability of any member of the 3 Italia Group or the Core Wind Group (as applicable) in respect of pension, retirement indemnity or other post-retirement benefits (except for the Trattamento di Fine Rapporto (TFR) benefit payable on termination of employment for any reason in Italy);

(j) provisions in respect of litigation and other specific provisions (other than dismantling and tax provisions);

(k) any Tax liabilities (other than any VAT or other indirect Taxes included in Working Capital and any liabilities included in paragraph (l) below), that are:

(i) Tax liabilities arising in the ordinary course of business; and

(ii) any other Crystallised Tax Liabilities,

in each case that are due and payable on or before Completion but are not paid to the relevant Taxation Authority on or before Completion, including any amounts that would be due and payable by any Core Wind Group Company but for that Core Wind Group Company being part of the Wind Tax Group (except to the extent that any payment in respect of that amount has been made by that Core Wind Group Company to Wind Telecom on or before Completion) (items falling within paragraph (i) or paragraph (ii) above each being a **Debt Tax Liability**).

For the purpose of this paragraph (k), Tax is deemed to be due and payable on:

(A) in the case of Tax in respect of which there is provision in the ordinary course for payment by advances or instalments, each date on which an advance or instalment of such Tax becomes payable; and

(B) in the case of Tax which does not fall within (A), the last date on which Tax can be paid to the relevant Taxation Authority to avoid a liability to interest or penalties accruing,

in each case: (x) on the assumption that all relevant profits or other amounts have been included in the appropriate tax return or other Tax Document; and (y) ignoring any extension to any such date arising as result of any dispute or challenge or for any other reason; provided that a Tax liability shall be deemed not to be due and payable for the purpose of this paragraph to the extent that a reimbursement or assignment of a receivable relating to that Tax liability has been made in accordance with clause 17.6;

(l) any unpaid liabilities to any Taxation Authority under any payment plan agreed on or prior to Completion, including any interest, surcharge, penalty or fine relating thereto;

(m) payables that are overdue by more than 60 days to the extent not covered under paragraphs (n), (o) and (p) of this definition;

(n) payables that are overdue from operators by more than 60 days, net of any related receivables;

(o) extended payables related to Ericsson (pursuant to the arrangement with KFW (*Kreditanstalt fuer Wiederaufbau*) under which certain Ericsson receivables have been assigned by H3G S.p.A.to KFW) and LTE instalments due to the Ministry of Economic Development for the payment of the right of use of LTE frequencies in bandwidth 1800Mhz and 2600Mhz, assigned to H3G S.p.A. in October 2011 (together with applicable interest);

(p) payables discounted as at the date of Completion due by Wind to Terna S.p.A. pursuant to an agreement dated of 31 December 31 2012, under which Wind was granted the right of way to place fibre-optic cables within Terna S.p.A.'s network;

(q) obligations relating to arrangements accounted for as a sale and leaseback or any amount raised under any other transaction (including a forward sale and purchase agreement) having the commercial effect of a borrowing;

(r) obligations under any other working capital management arrangements executed for the purposes of obtaining financing excluding payment terms agreed with suppliers without explicit financial cost and the following agreements already in place related to the sale of receivables without recourse: (i) Risk Transfer Agreement entered into between H3G S.p.A. and Hutchison UK Receivables Hove Limited and dated 14 December 2012, (ii) Risk Transfer Agreement entered into between Hutchison UK Receivables Limited and H3G S.p.A. and dated 23 December 2011, (iii) Agreement for without Recourse Receivable Sale entered into between Cofactor S.p.A. (now Creditech S.p.A.) and H3G S.p.A and dated 20 June 2013, and (iv) Framework Receivables Assignment Agreement entered into between Wind TS and Intesa San Paolo S.p.A. on 6 February 2014;

(s) the outstanding principal amount in respect of receivables sold or discounted to the extent that there is recourse to any member of the 3 Italia Group or the Core Wind Group (as applicable) or any acceptance credit or bill discounting facility including any dematerialised equivalent;

(t) any intercompany payables not repaid at Completion, including guarantee fees in the amount of €60,000,000 owed by the 3 Italia Group which shall be repaid immediately following Completion but excluding any Wind Tax Payable; and

(u) any excess of the Wind Tax Payable over the Wind Tax Receivable which has not been settled at Completion in accordance with Schedule 9;

(v) any amount of Tax accruing in respect of any period or part period ending on or before Completion which is not reflected in paragraph (k) above or in the Wind Tax Payable mentioned in paragraph (u) above, except to the extent that: (a) payments or advance payments of Tax have been made in respect of that amount by any Core Wind Group Company to the relevant Taxation Authority; or (b) a reimbursement or assignment of a receivable in relation to that Tax has been received by a Core Wind Group Company in accordance with clause 17.6; and

(w) the maximum redemption amount of any shares which are expressed to be redeemable;

Debt Tax Liability has the meaning given in paragraph (k) of the definition of Debt;

Deed of Adherence means a deed of adherence to this agreement to be executed by FinCo on incorporation in accordance with clause 2 in the form set out in Schedule 2;

Defaulting Party has the meaning given in clause 23.6(b);

Dispute means any dispute, claim, difference or controversy arising out of, relating to or having any connection with this agreement and the other Transaction Documents, including:

(a) any dispute arising out of or in connection with the creation, existence, validity, effect, interpretation, performance or non-performance, breach or termination or the consequences of nullity of, or the legal relationships established by, this agreement and the other Transaction Documents;

(b) claims for set-off and counterclaims; and

(c) any dispute relating to any non-contractual obligations arising out of or in connection with this agreement and the other Transaction Documents;

Economic Sanctions Laws means any applicable economic sanctions laws and regulations thereunder of the United States of America, the United Kingdom and the European Union (or any Member State thereof);

Effective Date means the date on which Completion occurs;

Employment Agreements means the employment agreements with the Executives dated on the date of this agreement;

Encumbrance means any mortgage, charge (fixed or floating), pledge, lien, option, right to acquire, right of pre-emption, assignment by way of security or trust arrangement for the purpose of providing security or other security interest of any kind (including any retention arrangement), or any agreement to create any of the foregoing and excluding in each case any Permitted Encumbrance;

Equity Interest means shares, shares of capital stock, partnership interests, limited liability company membership interests and units, interests and other participations in the equity of an entity;

Estimated Excess Cash means, in relation to each of the Core Wind Group or the 3 Italia Group in respect of the 3 Italia Estimated Net Cash or the Wind Estimated Net Cash (as applicable), the amount (if any) by which the 3 Italia Estimated Net Cash or Wind Estimated Net Cash (as applicable) exceeds the corresponding 3 Italia Target Net Cash or the Wind Target Net Cash (as applicable);

Estimated Excess Working Capital means, in relation to each of the Core Wind Group or the 3 Italia Group in respect of the 3 Italia Estimated Working Capital or the Wind Estimated Working Capital (as applicable), the amount (if any) by which the 3 Italia Estimated Working Capital or Wind Estimated Working Capital (as applicable) exceeds the corresponding 3 Italia Target Working Capital or the Wind Target Working Capital (as applicable);

EU Merger Regulation means Council Regulation (EC) No. 139/2004 on the control of concentrations between undertakings;

Event includes (without limitation) the winding up or dissolution of any person, and any act, transaction or omission whatsoever and any reference to any event occurring on or before a particular date shall include events which for that purpose are deemed to have, or are treated or regarded as having, occurred on or before that date;

Exchange Rate means with respect to a particular currency for a particular day the spot rate of exchange (the closing midpoint) for that currency into euro on such date as published in the London edition of the Financial Times first published thereafter or, where no such rate is published in respect of that currency for such date, at the rate quoted by National Westminster Bank Plc as at the close of business in London as at such date;

Excluded Transaction Tax means (a) [*]; (b) [*]; and (c) [*];

Executives means the 3 Italia Executives and the Wind Executive;

Existing HET Loan means the debt in the principal amount of approximately EUR 5.1 billion owed or such other amount as notified by HET to VIP, immediately before Completion, by H3G II to HET;

[*] Material omitted and furnished separately to the Securities and Exchange Commission pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Existing HET Loan Sale has the meaning given in clause 3;

External Debt means borrowings and indebtedness in the nature of borrowing (including by way of acceptance credits, discounting or similar facilities, loan stocks, bonds, debentures, notes, overdrafts or any other similar arrangements the purpose of which is to raise money) owed to any banking, financial, acceptance credit, lending or other institution or organisation;

Extinguishment of Receivables has the meaning given in clause 5.3;

Fairly Disclosed means fairly disclosed (with sufficient detail to identify the value, nature and scope of the matter disclosed) by one Shareholder to the other and **Fair Disclosure** shall be construed accordingly;

Final Excess Cash means, in relation to each of the Core Wind Group or the 3 Italia Group in respect of the 3 Italia Final Net Cash or the Wind Final Net Cash (as applicable), the amount (if any) by which the 3 Italia Final Net Cash or Wind Final Net Cash (as applicable) exceeds the aggregate of (a) the corresponding 3 Italia Target Net Cash or the Wind Target Net Cash (as applicable) and (b) any Estimated Excess Cash (if any) of the Core Wind Group or the 3 Italia Group (as applicable) not used to reduce the Wind Estimated Working Capital Shortfall or a 3 Italia Estimated Working Capital Shortfall (as applicable) at Completion in accordance with clause 7.4(b) and 7.5(b);

Final Excess Working Capital means, in relation to each of the Core Wind Group or the 3 Italia Group in respect of the 3 Italia Final Working Capital or the Wind Final Working Capital (as applicable), the amount (if any) by which the 3 Italia Final Working Capital or Wind Final Working Capital (as applicable) exceeds the aggregate of (a) the corresponding 3 Italia Target Working Capital or the Wind Target Working Capital (as applicable) and (b) any Estimated Excess Working Capital (if any) of the Core Wind Group or the 3 Italia Group (as applicable) not used to reduce the Wind Estimated Net Cash Shortfall or a 3 Italia Estimated Net Cash Shortfall (as applicable) at Completion in accordance with clause 7.4(a) and 7.5(a);

Financial Indebtedness has the meaning given in the Shareholders' Deed;

FinCo has the meaning given in clause 2;

FinCo Share Issue has the meaning given in clause 6.2;

FinCo Shareholders' Deed means the shareholders' deed to be entered into in the Agreed Form, between, amongst others, HET, VIP LuxCo and FinCo in connection with the governance and operations of FinCo;

FinCo Shares means all the ordinary shares in the share capital of FinCo, representing 100% of the share capital of FinCo;

Firm has the meaning given in paragraph 3.6 of Part 1 of Schedule 10;

Form CO has the meaning given in clause 8.2;

Fundamental 3 Italia Group Licences means the:

(a) individual rights of use of a paired frequency block of 2x5 MHz in 900 MHz band on a national basis, issued on 19 May 2010;

(b) individual rights of use of a paired frequency block of 2x10 MHz in 1800 MHz band on a national basis, issued on 30 May 2012;

(c) general authorisation, pursuant to Article 25 of the Communications Code, concerning the provision of an access network in WI-FI technology, the relevant statement of start of business being filed with the Ministry of Economic Development on 4 April 2014;

(d) individual licence for the installation of a telecommunication network for the provision of voice telephone service, issued on 5 September 2001;

(e) individual rights of use of paired frequency blocks of 2x5 MHz in 1800 MHz band and 2x10 MHz in 2600 MHz band as well as of an unpaired frequency block of 30 MHz in 2600 MHz band, on a national basis, for broadband terrestrial electronic communications public service, issued on 21 December 2011;

(f) individual licence and related rights of use of a paired frequency block of 2x15 MHz in the 2100 MHz band and of an unpaired frequency block of 5 MHz in the 1900 MHz band, for third generation public mobile communications service in UMTS standard IMT-2000 family as well as for the installation of the relevant network covering the national territory, issued on 10 January 2001; and

(g) grant of the definitive national right of use of one or more frequencies for television broadcasting in DVB-H and DVB-T digital technics issued on 28 June 2012 and subsequently amended on 14 January 2013;

Fundamental Wind Group Licences means the:

(a) individual licence for the installation of a network in order to provide the voice telephone service within the limits of national coverage, issued on 18 February 1998;

(b) individual licence for the installation and provision of a telecommunications network open to the public within the limits of national coverage, issued on 22 April 1998;

(c) individual licence for the installation of a network in order to provide the voice telephone service within the limits of national coverage, originally issued to Infostrada, issued on 18 February;

(d) individual licence for the installation and provision of telecommunications network open to the public within the limits of national coverage, originally issued to Infostrada, issued on 14 April 1999;

(e) individual licence for installation and operation of radio mobile services DCS 1800 MHz and GSM 900 MHz in Italian territory, issued on 30 June 1998, and related rights of use paired frequency blocks of 2x10 in the 900 MHz band and of 2x10 MHz in the 1800 MHz band;

(f) individual licence and related right of use of a paired frequency block of 2x10 MHz in the 2100 MHz band and of an unpaired 5 MHz block in the 1900 MHz band, for third generation public mobile communications service in UMTS standard IMT-2000 family as well as for the installation of the relevant network covering the national territory, issued on 10 January 2001;

(g) individual licences, issued on 30 July 2002, for the use of frequencies for radio point-to-point and multipoint wide band in the 24.5-26.5 GHz and 27.5-29.5 GHz frequencies over the geographical areas corresponding to the autonomous Provinces of Bolzano and Trento and to the following Regions: Abruzzo, Basilicata, Calabria, Campania, Emilia Romagna, Friuli Venezia Giulia, Lazio, Liguria, Lombardia, Marche, Molise, Piemonte, Puglia, Sardegna, Sicilia, Toscana, Umbria, Valle D'Aosta and Veneto, if used to a material extent in the business of the Core Wind Group or of material value to the Core Wind Group;

(h) authorisation for the provision of Internet service, issued on 28 July 1998 and renewed on 31 October 2006;

(i) general authorisation for the provision of public telecommunication services consisting in radio extension using collective R-LAN frequencies in 5 GHz bands for access to internet and intranet designed for the users as completion of the current offer of fixed and mobile data transmission (the relevant statement of start of business being filed with the Ministry of Communications on 11 May 2006; and

(j) general authorisation for the provision of public telecommunication services using collective R-LAN frequencies in 2.4 GHz bands and with Radio-LAN access by authorized third companies, the relevant statement of start of business being filed with the Ministry of Communications on 6 July 2003, if used to a material extent in the business of the Core Wind Group or of material value to the Core Wind Group;

(k) individual rights of use of a paired frequency block of 2x5 MHz in the 2100 MHz band, for the provision of a public broadband telecommunication services covering the national territory, issued on 8 September 2009, if used to a material extent in the business of the Core Wind Group or of material value to the Core Wind Group; and

(l) individual rights of use of paired frequency blocks of 2x10 MHz in the 800 MHz band 2x5 MHz in the 1800 MHz band and of 2x20 MHz in the 2600 MHz band, frequencies for the provision of public broadband telecommunication services covering the national territory, issued on 3 February 2012;

Galata Proceeds has the meaning given to it in clause 19.15;

Galata Put Option has the meaning given to it in clause 19.15;

Golden Powers Legislation means Italian Law Decree No. 21 of 15 March 2012 as amended by Law 11 May 2012, no. 56, as applicable and implemented by Presidential Decree No. 85 of 25 March 2014 (Assets Identification Decree on Communication, Energy and Transport Golden Powers), Presidential Decree No. 86 of 25 March 2014 (Procedural Decree on Communication, Energy and Transport Golden Powers), Decree of the President of the Council of Ministers No. 108 of 6 June 2014 (Assets Identification Decree on Defence and National Security Golden Powers), and Presidential Decree No. 35 of 19 February 2014 (Procedural Decree on Defence and National Security Golden Powers);

Government Official means (a) any officer or employee of a Governmental Authority, government, or any department, agency, ministry, or instrumentality thereof, (b) any official of a public international organisation; (c) any person acting in an official capacity for or on behalf of a government, or a department, agency, or instrumentality thereof, or for or on behalf of any public international organisation; or (d) any political party, political party official or candidate for public office;

Governmental Authority means the government of any jurisdiction, or any political subdivision thereof, whether provincial, state or local, and any department, ministry, agency, bureau, board, commission, association, institution, instrumentality, authority, body, court, tribunal, central bank or other entity lawfully exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government;

Group means, from Completion, H3G II and its Subsidiaries and shall be interpreted by reference to the Subsidiaries from time to time and **Group Company** shall mean any member of the Group;

Guarantee means any guarantee, letter of credit, bond, indemnity or similar assurance against Loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;

H3G II has the meaning given in Recital (5);

H3G II Accounts means the unaudited balance sheets of H3G II as at 31 December of 2012, 2013 and 2014, including the relevant unaudited profit and loss accounts for each of such financial years and the notes and directors' reports relating to them;

H3G II Cost of Capital means H3G II's cost of capital;

H3G II Receivable has the meaning given in clause 5.2;

H3G II Shares means the ordinary shares in the issued share capital of H3G II;

HET has the meaning given in part (3) of the contracting parties section of the beginning of this agreement;

HET Claim means: any claim by HET under or for a breach of this agreement, including any HET Tax Claim, any VIP Warranty Claim and any VIP Indemnity Claim;

HET Contribution has the meaning given in clause 4;

HET Damages Payment has the meaning given in paragraph 11.1(a) of Schedule 7;

HET Disclosure Letter means the disclosure letter from HET to VIP dated the date of this agreement;

HET Disclosure Warranty Claim means a claim by VIP the basis of which is that the HET Warranty at paragraph 31 of Schedule 6 is, or is alleged to be, untrue, inaccurate or misleading;

HET Excess Recovery has the meaning given in paragraph 11.1(d) of Schedule 7;

HET Fundamental Warranties means the HET Warranties set out at paragraphs:

(a) 1 (Ownership of the Contribution Shares)

(b) 2.1 (but not any other part of paragraph 2 (Subsidiaries and associates));

(c) 5 (Capacity and consequences of entering into this agreement);

(d) 6 (Valid obligations);

(e) 7 (Solvency);

(f) 9 (Filings and consents);

(g) 10 (Compliance with laws); and

(h) 11 (Fundamental Regulatory Licences),

in each case of Schedule 6;

HET Fundamental Warranty Claim means a claim by VIP the basis of which is that a HET Fundamental Warranty is, or is alleged to be, untrue, inaccurate or misleading;

HET Group means HET and its Affiliates (excluding FinCo and, from Completion, any Group Company);

HET Guarantor has the meaning given in Recital (4);

HET H3G II Shares has the meaning given in clause 5.2;

HET Indemnity means the indemnity contained in clause 15;

HET Indemnity Claim means a claim by VIP under the HET Indemnity;

HET Non-Tax Warranty means the HET Warranties other than the HET Tax Warranty;

HET Non-Tax Warranty Claim means a claim by VIP the basis of which is that a HET Non-Tax Warranty is, or is alleged to be, untrue, inaccurate or misleading;

HET Notice to Remedy has the meaning given in clause 23.3;

HET Secondary Contribution has the meaning given in clause 6.1(a);

HET Solicitors means Freshfields Bruckhaus Deringer LLP of 65 Fleet Street, London, EC4Y 1HS, United Kingdom;

HET Tax Claim means any Tax Claim by HET;

HET Tax Matters has the meaning given in clause 14.5;

HET Tax Non-Warranty Claim means a VIP Tax Claim that is not a HET Tax Warranty Claim;

HET Tax Warranty means the HET Warranty set out in paragraph 32 (Tax) of Schedule 6;

HET Tax Warranty Claim means a claim by VIP the basis of which is that a HET Tax Warranty is, or is alleged to be, untrue, inaccurate or misleading;

HET Third Party Claim has the meaning given in clause 16.1;

HET Third Party Sum has the meaning given in paragraph 11.1(b) of Schedule 7;

HET Title, Capacity and Compliance Warranties means the HET Warranties set out at paragraphs:

(a) 1 (Ownership of the Contribution Shares)

(b) 2.1 (but not any other part of paragraph 2 (Subsidiaries and associates));

(c) 5 (Capacity and consequences of entering into this agreement);

(d) 6 (Valid obligations);

(e) 10 (Compliance with laws); and

(f) 11 (Fundamental Regulatory Licences),

in each case of Schedule 6;

HET Title, Capacity and Compliance Warranty Claim means a claim by VIP the basis of which is that a HET Title, Capacity and Compliance Warranty is, or is alleged to be, untrue, inaccurate or misleading;

HET Warranties means those warranties given and to be given by HET to VIP set out in Schedule 6;

HET Warranty Claim means a claim by VIP the basis of which is that a HET Warranty is, or is alleged to be, untrue, inaccurate or misleading;

HR and Remuneration Committee means the human resources and remuneration committee of the board of H3G II established on Completion;

Hutchison IP Licence means the licence between Hutchison 3G Enterprises S.à.r.l. and 3 Italia S.p.A. relating to the '3' brand and other Intellectual Property Rights, in the Agreed Form;

HWL means Hutchison Whampoa Limited;

IFRS means the International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union applicable to all companies reporting under the International Financial Reporting Standards;

Initial Budget has the meaning given in the Shareholders' Deed;

Intellectual Property Rights means all inventions (whether patentable or not), patents, utility models, petty patents, registered designs, design rights, database rights, copyright and related rights, moral rights, semiconductor topography rights, plant variety rights, trademarks, service marks, logos, get up, trade names, business names, domain names (in each case whether registered or unregistered), and including any applications for registration and any renewals or extensions of any of the foregoing, and, in each case, the goodwill attaching to any of the foregoing, rights to sue for passing off or for unfair competition, all know how, confidential information and trade secrets and any rights or forms of protection of a similar nature or having equivalent or similar effect to any of them which subsist anywhere in the world;

Intercompany Balances means all loan, intercompany trading, brand licensing, international roaming and interconnect services with group companies, management services, intercompany services, facilities or other re-charge or other balances, including in respect of or otherwise relating to Tax, owed between the members of the VIP Group, the Core Wind Group, the HET Group and/or the 3 Italia Group (as applicable) together with accrued interest (if applicable) and VAT (if applicable), including any Intercompany Tax Balances, but excluding: (i) outstanding guarantee fees in the amount of €60,000,000 owed by the 3 Italia Group which shall be repaid immediately following Completion and (ii) €5.1 billion under the Existing HET Loan to be left outstanding as at Completion in accordance with the Pre-Completion 3 Italia Reorganisation;

Intercompany Tax Balances means the Wind Tax Payable and the Wind Tax Receivable, provided that:

(a) subject to paragraph (c), if the Wind Tax Receivable exceeds the Wind Tax Payable, the amounts due at Completion shall be offset and the balance shall be treated as an Intercompany Balance to be settled at Completion in accordance with Schedule 9;

(b) subject to paragraph (c), if the Wind Tax Payable exceeds the Wind Tax Receivable, the amounts due at Completion shall be offset and the balance shall be treated as an Intercompany Balance to be settled at Completion in accordance with Schedule 9; and

(c) if and to the extent that offset in accordance with paragraph (a), or offset and settlement in accordance with paragraph (b) (as applicable) are prohibited pursuant to any financing agreements of the Wind Group or the 3 Italia Group, the Wind Tax Payable and Wind Tax Receivable shall remain outstanding at Completion to be offset or otherwise settled at the earliest permissible opportunity and to the extent permissible pursuant to clause 17.1 or 17.2, as applicable, and if the Wind Tax Payable exceeds the Wind Tax Receivable the balance shall be treated as a Debt, pursuant to paragraph (u) of the definition of Debt, for the purposes of Schedule 10;

Interconnection Agreement means an agreement between telecoms operators relating to the interconnection of their respective networks for the purpose of exchanging telecommunications traffic;

Italian Competition Authority has the meaning given in clause 8.1;

Italian Income Tax Code or **IITC** means Decree no. 917 of 22 December 1986;

Italian Mergers means Merger 1 and the other mergers set out in the Plan of Reorganisation;

Key Material Contracts means the 3 Italia Key Material Contracts and the Wind Key Material Contracts;

Laws means laws (including common law), treaties, conventions, statutes, rules, regulations, ordinances, judgments, orders and decrees issued, entered into or promulgated by any governmental authority or any court;

Long Stop Date means the date falling 18 months from the date of this agreement;

Long-Term Incentive Plan means the terms of a long-term incentive plan for the Group to be implemented by H3G II following Completion based on the Long-Term Incentive Plan Key Terms;

Long-Term Incentive Plan Key Terms means the presentation summarising the key commercial terms of the Long-Term Incentive Plan in the Agreed Form;

Losses means all losses, damages, Costs, expenses, fines, penalties, charges and other liabilities (including in respect of Tax) whether present or future, fixed or unascertained, actual or contingent, but excluding, without limitation, any indirect or consequential losses, loss of profit, loss of earning, loss of opportunity and any punitive or aggravated damages;

LTE means Long-Term Evolution;

Luxembourg Notary means the Luxembourg notary in front of which HET and VIP LuxCo, as shareholders of H3G II, will on Completion: (a) approve the VIP LuxCo Contribution; (b) appoint as additional directors of H3G II such persons as HET and VIP LuxCo nominate and approve the resignation of such existing directors of H3G II who are to resign at Completion; and (c) adopt the Completion H3G II Articles; and (d) approve any change to the name of H3G II;

Material Adverse Effect means any event, circumstance, effect, occurrence or state of affairs which is, or is reasonably likely to be, materially adverse to the business operations, assets, liabilities (including contingent liabilities), Properties or business or financial conditions or results of either the Wind Group Companies or the 3 Italia Group Companies, as the case may be, taken as a whole,

excluding in any such case, any event, circumstance or change resulting from: (a) a change in interest rates, exchange rates, securities or commodity prices or in economic, business, capital markets, financial markets or political conditions generally; or (b) a change in conditions generally affecting the industry in which the relevant group operates; or (c) changes in applicable laws or securities exchange rules, generally accepted accounting principles or official interpretation of the foregoing; or (d) a change which generally affects businesses that compete with the business of the relevant group, except to the extent that the matters in (a), (b), (c) and (d) have an impact on the relevant group which is disproportionate to the effect on other similar companies operating in the industry;

Material Contract means any:

(a) loan or facility agreement, documents relating to the issuance of any bonds or debentures, sale and lease-back arrangement, collateral agreement, credit line, bill of exchange, overdraft facility, revolving facility or similar instrument, interest rate swap, currency swap, other hedging instrument, finance lease and factoring arrangement, whenever (also in the aggregate) exceeding EUR 10,000,000 or equivalent;

(b) security (guarantee, security interest, indemnity, mortgage, charge, pledge, etc.) granted by or in favour of any Group Company or over their assets, whenever exceeding EUR 10,000,000 or equivalent;

(c) contract in force, whether verbal or written, having a value (i.e. an overall consideration calculated with reference to the entire duration of the contract), or imposing obligations effectively in an aggregate amount, exceeding EUR 10,000,000 or equivalent;

(d) agreement concerning the communications network operations of the Group Companies and having an annual value exceeding EUR 10,000,000 including, without limitation, (i) agreements regarding the supply or purchase of network access (MVNO, reseller or national roaming); (ii) Interconnection Agreements; (iii) voice termination agreements; (iv) sms interworking agreements; (v) international roaming agreements that deviate from GSMA standard terms and preferential service agreements; (vi) agreements for the procurement/provision of duct, dark fibre and IRUs; (vii) agreements for the procurement/provision of managed services, bandwidth and/or discrete wavelengths, leased lines, including their respective SLAs and maintenance agreements; (viii) agreements for the procurement of SIM cards; (ix) contracts for the provision of call centre-services; and (x) agreements concerning the procurement of handsets devices and other apparatus to be sold via Group Companies' internet sites and flagship/franchisee stores;

(e) agreement with content providers including all adjacent services (e.g. apps and financial services), where the consideration or the value generated thereby is in excess of EUR 2,000,000 or equivalent per year;

(f) agreement (i) with marketing partners or suppliers (including any advertising, media, direct marketing, new media/online, events and sponsoring agencies), inclusive of incentive payments, (ii) with other service providers or suppliers (including film production companies, composers, photographers, actors, directors, graphic artists and similar), inclusive of incentive payments; (iii) in respect of all sponsoring activities, inclusive of incentive payments; and (iv) of revenue-sharing, whenever, in any such case, the consideration or the value generated thereby is in excess of EUR 1,000,000 or equivalent; and

(g) contract with a third party in Italy for the resale or distribution of the company's products or services having a value higher than EUR 5,000,000;

Material Network Effect means the commencement, continuation or implementation of actions and/or the enforcement of decisions by the competent public authorities resulting in the imposition of fines or other material consequences with regard to the use and/or operation of 5% or more of the 3 Italia Sites or the Wind Sites, as applicable;

MergeCo has the meaning given in the Shareholders' Deed;

MergeCo Articles Extract has the meaning given in the Shareholders' Deed;

Merger 1 means the merger of WAHF into 3 Italia, with 3 Italia as the surviving entity, in accordance with the Plan of Reorganisation;

Merger Executive Committee means the merger executive committee of the board of H3G II established on Completion;

Merger Integration Plan means the terms of a merger integration plan to be implemented by the Group at Completion and to be agreed by the Shareholders pursuant to clause 19.7;

Merger Integration Plan Key Terms means the presentation summarising the key commercial terms of the Merger Integration Plan in the Agreed Form;

NDA means the mutual non-disclosure agreement entered into between HWL and the VIP Guarantor on 13 May 2014;

Net Cash means Cash of the 3 Italia Group or the Core Wind Group (as applicable) less the Debt of the 3 Italia Group or the Core Wind Group (as applicable);

Non-defaulting Party has the meaning given in clause 23.6(a);

Non-Fundamental 3 Italia Group Licences means all material licences, authorisations, consents, registrations, permits or approvals required for carrying on the business of the 3 Italia Group Companies but excluding the Fundamental 3 Italia Group Licences;

Non-Fundamental Wind Group Licences means all material licences, authorisations, consents, registrations, permits or approvals required for carrying on the business of the Core Wind Group Companies but excluding the Fundamental Wind Group Licences;

Notice to Remedy means a HET Notice to Remedy or a VIP Notice to Remedy;

Parent Company means any company that in relation to another company (its **Subsidiary**):

(a) holds a majority of the voting rights in the Subsidiary;

(b) is a member of the Subsidiary and has the right to appoint or remove a majority of its board of directors;

(c) is a member of the Subsidiary and controls a majority of the voting rights in it under an agreement with the other members; or

(d) has the right to exercise a dominant influence over the Subsidiary under the Subsidiary's articles or a contract authorised by them,

in each case whether directly or indirectly through one or more companies or other entities;

Parties and **Party** have the meanings given to them in the Recitals section of this agreement;

Permitted Encumbrance means Third Party Rights arising in the ordinary course of business or by operation of law;

Plan of Reorganisation means the terms of a plan of reorganisation to be implemented by the Group following Completion based on the terms of the Plan of Reorganisation Key Terms;

Plan of Reorganisation Key Terms means the document summarising the key terms of the Plan of Reorganisation in the Agreed Form;

Pre-Completion 3 Italia Reorganisation means such steps as are necessary to achieve the corporate and debt structure of the 3 Italia Group as set out in Part 1 of Schedule 3;

Pre-Completion Wind Reorganisation means such steps as are necessary to achieve the corporate and debt structure of the Wind Group as set out in Part 2 of Schedule 3;

Preparing Party has the meaning given in paragraph 3.3 of Part 1 of Schedule 10;

Previous Accounting Principles has the meaning given in paragraph 1.1 of Part 1 of Schedule 10;

Prohibited Payment has the meaning given in paragraph 10.2 of Schedule 4;

Properties means the 3 Italia Properties and the Wind Properties and includes any part of each of them and **Property** means any of them;

Protocol means the protocol for exchange of competition sensitive information entered into between HWL and the VIP Guarantor on 23 March 2015;

Rate Sheet means an agreement made between the parties to the Interconnection Agreement as regards applicable inter-operator interconnection (termination) rates/discounts and/or traffic or payment commitments applicable within the time period specified in the agreement;

Regulatory Authority has the meaning given in clause 8.1(b);

Rejecting Party has the meaning given in paragraph 3.3 of Part 1 of Schedule 10;

Relevant Percentage has the meaning given in clause 18.6;

Relief includes, unless the context otherwise requires, any allowance, credit, deduction, exemption or set off (including, without limitation, tax losses and excess interest expenses under Article 96(7) of the IITC) in respect of any Tax or relevant to the computation of any income, profits or gains for the purposes of any Tax, or any repayment of or saving of Tax (including any repayment supplement, fee or interest in respect of Tax);

Remediation Period End Date has the meaning given in clause 23.3;

Restricted Tax Action means: (i) the entry into any material agreement or settlement with any Taxation Authority, or the rescission or termination of any such agreement or settlement that is in effect on the date of this agreement; (ii) the making, filing or amendment of any Tax Document, save to the extent consistent with the past practice of the 3 Italia Group or the Core Wind Group, as applicable (including in relation to the use or surrender of Reliefs); or (iv) the filing of an application for, or entry into, any ruling relating to Tax;

Scenario One has the meaning given in the Shareholders' Deed;

Scenario Two means has the meaning given in the Shareholders' Deed;

Security means any document or transaction which reserves or creates a Security Interest;

Security Interest means any interest or right which secures the payment of a debt or other monetary obligation or the compliance with any other obligation, and includes any retention of title to any property and any right to set off or withhold payment of any deposit or other money;

Shareholders has the meaning given in part (3) of the contracting parties section at the beginning of this agreement and **Shareholder** shall be construed accordingly;

Shareholders' Deed means the shareholders' deed dated the date of this agreement between, amongst others, HET and VIP LuxCo in connection with the governance and operations of H3G II;

Sites means the 3 Italia Sites and/or the Wind Sites, as applicable;

Specific Accounting Treatments has the meaning given in paragraph 1.1 of Part 1 of Schedule 10;

SSEA means the amended and restated share sale and exchange agreement by and among (among others) VIP, Wind Telecom S.p.A. and Orascom TMT Investments S.à r.l. (formerly Weather Investments II S.à r.l.) dated as of 15 April 2011;

SSEA Indemnities means the indemnities granted by Orascom TMT Investments S.à r.l. (formerly Weather Investments II S.à r.l.) in favour of VIP at article 10.2 of the SSEA and relating to certain withholding tax liabilities of Core Wind Group Companies attributable to a period through 2010;

SSEA Indemnity Benefit has the meaning given in clause 24;

SSEA Indemnity Proceedings has the meaning given in clause 24;

Subsidiary has the meaning given to it in the definition of Parent Company;

Tax Adjustment Notice has the meaning given in paragraph 5.1 of Part 1 of Schedule 10;

Tax Claim means any Tax Warranty Claim, any Tax Indemnity Claim and any Tax Gross Up Claim;

Tax Document means: (a) any return required to be made to any Taxation Authority of income, profits or gains or of any other amounts or information relevant for the purposes of Tax, including any related accounts, computations and attachments; (b) any claim, election, surrender, disclaimer, notice, consent or other relevant filing for the purposes of Tax; and (c) any other non-routine correspondence with any Taxation Authority;

Tax Gross Up Claim means any claim under or for breach of clause 33.2, 33.3, 33.4 or 33.5;

Tax Indemnity Claim means any claim under or for breach of clause 17, 18 or 27.3;

Tax Warranty Claim means a VIP Tax Warranty Claim or a HET Tax Warranty Claim, as appropriate.

Taxation or **Tax** means all forms of taxation, duties, imposts and levies, whether of the Republic of Italy, Luxembourg or elsewhere, including, without limitation, income tax (including income tax or amounts equivalent to or in respect of income tax required to be deducted or withheld from or accounted for in respect of any payment), withholding tax, corporation tax, advance corporation tax, corporate tax (including any employment fund surcharge thereon), capital gains tax, municipal business tax, net wealth tax, inheritance tax, transcription tax, gift tax, insurance tax, fees paid to the Luxembourg Chamber of Commerce, VAT, customs and other import or export duties, excise duties,

registration tax, registration duty, stamp duty, stamp duty reserve tax, stamp duty land tax, financial transaction tax, mortgage and cadastral tax, national insurance and social security or other similar contributions, and any interest, surcharge, penalty or fine in relation thereto, and references to payments, liabilities or amounts of **Taxation** or **Tax** (howsoever described) shall be deemed to include references to payments, liabilities or amounts on account of or in respect of **Taxation** or **Tax**;

Taxation Authority means any government, state or municipality or any local, state, federal or other fiscal, revenue, customs, excise authority, office, body or official competent to impose, administer, levy, assess or collect Tax, including, without limitation, the Italian Revenue Agency (*Agenzia delle Entrate*), the Italian Custom Agency (*Agenzia delle Dogane*), the Italian Tax Police (*Guardia di Finanza*), the Luxembourg Inland Revenue (*Administration des contributions directes*), the Luxembourg Land Registration and Estates Department (*Administration de l'enregistrement et des domaines*) and the Luxembourg Customs and Excise Agency (*Administration des douanes et accises*).;

Terms of Reference means the terms of reference for the Advisory Board, the terms of reference for the Audit Committee, the terms of reference for the HR and Remuneration Committee and the terms of reference for the Merger Executive Committee;

Third Party Right means any interest or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement, or any agreement to create any of the above;

Transaction Documents means this agreement, the Shareholders' Deed, the Completion H3G II Articles, the Completion FinCo Articles, Hutchison IP Licence and all other documents referred to in, or ancillary to, those documents to which VIP, HET or any VIP Group Company is a party;

Transaction Taxes has the meaning given in 27.3;

Unconditional Date has the meaning given in 9.3;

VAT means:

(a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere;

VIP has the meaning given in Recital (1);

VIP Claim means any claim by VIP under this agreement, including any VIP Tax Claim, any HET Warranty Claim and any HET Indemnity Claim;

VIP Damages Payment has the meaning given in paragraph 11.1(a) of Schedule 5;

VIP Disclosure Letter means the disclosure letter from VIP to HET dated the date of this agreement;

VIP Disclosure Warranty Claim means a claim by HET the basis of which is that the VIP Warranty at paragraph 31 of Schedule 4 is, or is alleged to be, untrue, inaccurate or misleading;

VIP Dormant Company Indemnity Claim means any claim under or for a breach of clause 12(b);

VIP Excess Recovery has the meaning given in paragraph 11.1(d) of Schedule 5;

VIP Fundamental Warranties means the VIP Warranties set out at paragraphs:

(a) 1 (Ownership of the Contribution Shares);

(b) 2.1 (but not any other part of paragraph 2 (Subsidiaries and associates));

(c) 5 (Capacity and consequences of entering into this agreement);

(d) 6 (Valid obligations);

(e) 7 (Solvency);

(f) 9 (Filings and consents);

(g) 10 (Compliance with laws); and

(h) 11 (Fundamental Regulatory Licences),

in each case of Schedule 4, provided that references in the VIP Warranty at paragraph 2.1 of Schedule 4 to the "Wind Group Companies" shall be deemed to be references to the "Core Wind Group Companies" only for the purposes of this definition;

VIP Fundamental Warranty Claim means a claim by HET the basis of which is that a VIP Fundamental Warranty is, or is alleged to be, untrue, inaccurate or misleading;

VIP Group means VIP and its Affiliates (excluding FinCo and, from Completion, any Group Company);

VIP Guarantor has the meaning given in Recital (2);

VIP H3G II Shares means the H3G II Shares to be issued by H3G II to VIP at Completion in accordance with clause 5.2;

VIP Indemnity means any of the indemnities contained in clause 12;

VIP Indemnity Claim means a claim by HET under any VIP Indemnity;

VIP Litigation Indemnity Claim means any claim under or for a breach of clause 12(a);

VIP LuxCo means VimpelCom Luxembourg Holdings S.à r.l., a *société à responsabilitée limitée* incorporated under the laws of the Grand Duchy of Luxembourg having its registered office at 18-20 rue Edward Steichen-L-2540, Luxembourg, Grand Duchy of Luxembourg registered with the Luxembourg trade and companies register under number B199019, a wholly-owned subsidiary of VIP;

VIP LuxCo Contribution has the meaning given in clause 5.1;

VIP LuxCo Receivable means an interest free on-demand receivable due from VIP LuxCo to HET in an amount equal to 50% of the Existing HET Loan, documented by way of a promissory note;

VIP LuxCo Secondary Contribution has the meaning given in clause 6.1(b);

VIP Notice to Remedy has the meaning given in clause 23.3;

VIP Solicitors means Allen & Overy LLP of One Bishops Square, London, E1 6AD, United Kingdom;

VIP Tax Claim means a Tax Claim by VIP;

VIP Tax Matters has the meaning given in clause 11.5;

VIP Tax Non-Warranty Claim means a HET Tax Claim that is not a VIP Tax Warranty Claim;

VIP Tax Warranty means the VIP Warranty set out in paragraph 32 of Schedule 4;

VIP Tax Warranty Claim means a claim by HET the basis of which is that a VIP Tax Warranty is, or is alleged to be, untrue, inaccurate or misleading;

VIP Third Party Claim has the meaning given in clause 13.1;

VIP Third Party Sum has the meaning given in paragraph 11.1(b) of Schedule 5;

VIP Title, Capacity and Compliance Warranties means the VIP Warranties set out at paragraphs:

(a) 1 (Ownership of the Contribution Shares);

(b) 2.1 (but not any other part of paragraph 2 (Subsidiaries and associates));

(c) 5 (Capacity and consequences of entering into this agreement);

(d) 6 (Valid obligations);

(e) 10 (Compliance with laws); and

(f) 11 (Fundamental Regulatory Licences),

in each case of Schedule 4, provided that references in the VIP Warranty at paragraph 2.1 of Schedule 4 to the "Wind Group Companies" shall be deemed to be references to the "Core Wind Group Companies" only for the purposes of this definition;

VIP Title, Capacity and Compliance Warranty Claim means a claim by HET the basis of which is that a VIP Title, Capacity and Compliance Warranty is, or is alleged to be, untrue, inaccurate or misleading;

VIP Warranties means those warranties given and to be given by VIP to HET set out in Schedule 4;

VIP Warranty Claim means a claim by HET the basis of which is that a VIP Warranty is, or is alleged to be, untrue, inaccurate or misleading;

WAHF means WIND Acquisition Holdings Finance S.p.A. a joint stock company incorporated under the laws of Italy having its registered office at Via Cesare Giulio Viola 48 – 00148 – Rome (RM), Italy registered with the Companies' Register of Rome under REA RM–1105755 and fiscal code 08607091009;

WAHF Consideration has the meaning given in clause 5.2;

WAHF Shares means the 43,162,100 ordinary shares without nominal value in the share capital of WAHF;

Weather Capital means Weather Capital S.à r.l., a *societé á responsabilitée limitée* incorporated under the laws of the Grand Duchy of Luxembourg having its registered office at 18-20 rue Edward Steichen L-2540, Luxembourg, Grand Duchy of Luxembourg registered with the Luxembourg trade and companies register under number B98414;

Wholly-Owned Subsidiary means each of the Core Wind Group Companies and the 3 Italia Group Companies (other than H3G II);

Wind Accounts means:

(a) the audited balance sheets of the Core Wind Group Companies as at 31 December of 2012, 2013 and 2014, including the relevant audited profit and loss accounts for each such financial year; and

(b) the audited consolidated balance sheets of the Core Wind Group as at those dates, including the relevant audited consolidated profit and loss accounts for each such financial year,

and in all cases the notes and directors' reports relating to them;

Wind Accounts Date means 31 December 2014;

Wind Adjustment Statement has the meaning given in paragraph 5.2 of Part 1 of Schedule 10;

Wind Completion Statement has the meaning given in paragraph 3.1 of Part 1 of Schedule 10;

Wind Data Room means the Wind Physical Data Room and the Wind Virtual Data Room;

Wind Dormant Companies means the following:

(a) Wind Acquisition Finance II SA;

(b) Wind Finance SL SA;

(c) Wind Acquisition Holdings Finance SA; and

(d) Wind Acquisition Holdings Finance II SA,

and **Wind Dormant Company** means any of them;

Wind Estimated Adjustment has the meaning given in clause 7.5;

Wind Estimated Net Cash means the estimate of what Net Cash of the Core Wind Group will be at Completion as set out in the Wind Estimates provided in accordance with clause 7.3(b);

Wind Estimated Net Cash Shortfall has the meaning given in clause 7.5(a);

Wind Estimated Working Capital means the estimate of what Working Capital of the Core Wind Group will be at Completion as set out in the Wind Estimates provided in accordance with clause 7.3(b);

Wind Estimated Working Capital Shortfall has the meaning given in clause 7.5(b);

Wind Estimates has the meaning given in clause 7.3(b);

Wind Executive means Maximo Ibarra;

Wind Facilities Agreement means the senior facilities agreement originally dated 24 November 2010 (as amended and/or restated by an amendment agreement dated 20 December 2010, an amendment agreement dated 3 May 2011, a supplemental agreement dated 21 October 2011, a consent request letter dated 9 March 2012, an amendment letter dated 7 November 2012, and an amendment agreement dated 3 April 2014, as further amended on 23 April 2014;

Wind Final Adjustment has the meaning given in paragraph 4.3 of Part 1 of Schedule 10;

Wind Final Net Cash means the Net Cash of the Core Wind Group at Completion as agreed by HET and VIP or determined by the Firm (as applicable) in accordance with Part 1 of Schedule 10;

Wind Final Net Cash Shortfall has the meaning given in paragraph 4.3 of Part 1 of Schedule 10;

Wind Final Working Capital means the Working Capital of the Core Wind Group at Completion as agreed by HET and VIP or determined by the Firm (as applicable) in accordance with Part 1 of Schedule 10;

Wind Final Working Capital Shortfall has the meaning given in paragraph 4.3 of Part 1 of Schedule 10;

Wind Financing Documents means the documents provided in folder 3 of the Wind Virtual Data Room;

Wind Group means the Core Wind Group and the Wind Minority Companies, collectively, and **Wind Group Company** means any of them;

Wind Intercompany Agreement has the meaning given in paragraph 14.1 of Schedule 4;

Wind IPRs has the meaning given in paragraph 26.1 of Schedule 4;

Wind IT Agreements has the meaning given in paragraph 27(a) of Schedule 4;

Wind Key Material Contracts means all agreements:

(a) contained in folder 4.1 SCT of the Wind Virtual Data Room;

(b) listed in document 4.6 SCT of the Wind Virtual Data Room;

(c) listed in document 4.11.1 SCT of the Wind Virtual Data Room;

(d) contained in folder 4.11 SCT of the Wind Virtual Data Room (with the sole exception of those included in folder 4.11.2.2);

(e) contained in folder 7.2.12 SCT of the Wind Virtual Data Room;

(f) contained in folder 4.12 SCT of the Wind Virtual Data Room; and

(g) included in the Wind Data Room with respect to which Galata S.p.A. or Smartowers Italy S.r.l. are a party,

and any other agreement which is critical to the operation of the business of the Core Wind Group Companies as carried out at the date of this agreement;

Wind Management Accounts has the meaning given in paragraph 19 of Schedule 4;

Wind Minority Companies means the following:

(a) Consel-Consorzio ELIS a.r.l.;

(b) Galata S.p.A.;

(c) Janna S.C.a.r.l.;

(d) MIX S.r.l.;

(e) QXN Società Consortile per Azoni; and

(f) Dono Per S.C.a.r.l.,

and **Wind Minority Company** means any of them;

Wind Parent Guarantee means a Guarantee given by a member of the VIP Group other than the Wind Group to secure the performance of a member of the Wind Group;

Wind Physical Data Room means the material and information on the Wind Group made available by VIP to HET Solicitors in the physical data room held with the Italian office of the VIP Solicitors, one physical copy of which was made available to the HET Solicitors between the period of 11 May 2015 to 20 May 2015;

Wind Properties means the following properties (and includes any part of each of them);

(a) the real estate property located in Rome, via Carlo Veneziani 56 (as leased as of the date of this agreement by virtue of the lease agreement with GE The real estate Italia S.r.l.);

(b) the real estate property located in Rome, via Carlo Veneziani 56, (building L) (as leased as of the date of this agreement by virtue of the lease agreement with A& Costruzioni S.r.l.);

(c) the real estate property located in Rome, via G.C. Viola 34, 36, 48 (as leased as of the date of this agreement by virtue of the lease agreement with Fabrica Immobiliare SGR S.p.A.);

(d) the real estate property located in Rho (Milan), Nuovo Polo Fieristico (as leased as of the date of this agreement by virtue of the lease agreement with Fondazione Ente Autonomo Fiera Internazionale di Milano);

(e) the real estate property located in Palermo, piazzale Girolamo Li Causi 1-2-3 (as leased as of the date of this agreement by virtue of the lease agreement with Immobiliare Glorioso S.r.l.);

(f) the real estate property located in Rome, via Casalinuovo 8 (as leased as of the date of this agreement by virtue of the lease agreement with Casalinuovo Properties S.r.l.); and

(g) the real estate property located in Ivrea (Turin), via Jervis 73-77 (as leased as of the date of this agreement by virtue of the lease agreement with Prelios S.p.A.);

Wind Quarterly Update has the meaning given in clause 7.2(b);

Wind Retail means Wind Retail S.r.l.;

Wind Scheme Documents means, in relation to a Wind Scheme, full particulars of all the benefits to be provided by that Wind Scheme;

Wind Schemes means all the mandatory and/or complementary pension and/or healthcare schemes joined by the employees of any of the Core Wind Group Companies;

Wind Senior Managers means the holders of each of the following positions in respect of the Core Wind Group: Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, Chief Commercial Officer, Strategy and Procurement Director, Human Resource Director, Internal Auditing Director, Regulatory, Antitrust, Privacy and Wholesale Affairs Director, Legal Affairs Director and Public Relations Director;

Wind Sites means those sites where the Core Wind Group locates network infrastructure, whether owned, leased, licensed by a Core Wind Group Company or on which the equipment is hosted by a third party;

Wind Systems has the meaning given in paragraph 27 of Schedule 4;

Wind Target Net Cash means minus €10,420,000,000 (comprising targets of €119,000,000 for Cash and €10,539,000,000 for Debt);

Wind Target Working Capital means minus €480,000,000;

Wind Tax Agreement means the tax sharing agreement as in force on the date of this agreement and relating to the Wind Tax Group details of which are set out in section 15.1.2 of the Wind Virtual Data Room;

Wind Tax Group means the Italian corporate income tax group formed by WAHF, Wind TS, Wind Retail and Wind Telecom, with Wind Telecom as the parent company;

Wind Tax Payable any outstanding liabilities or amounts due to Wind Telecom from any Core Wind Group Company under the Wind Tax Agreement;

Wind Tax Receivable means any outstanding liabilities or amounts due to any Core Wind Group Company under the Wind Tax Agreement, including the EUR86 million receivable for the transfer of Reliefs by WAHF to Wind Telecom under the Wind Tax Agreement;

Wind Telecom means Wind Telecom S.p.A or any of its successors (and for this purpose, for the avoidance of doubt, "successor" includes, in any case where Wind Telecom S.p.A (or any of its successors) merges into any other entity under the laws of any jurisdiction in such a manner that Wind Telecom S.p.A (or any of its successors) ceases to exist, the surviving entity after that merger);

Wind TS means Wind Telecomunicazioni S.p.A;

Wind Virtual Data Room means the material and information on the Wind Group (except the contracts and agreements located in folder 4.12.2) made available by VIP to the HET Guarantor and its advisers in the electronic data room held with Merrill (including both "clean team" and "super clean team" material and information as well as the Q&A materials), one digital copy of which has been provided to each of the HET Solicitors and the VIP Solicitors as at the time on 3 August 2015 stated on such digital copy; and

Working Capital means, in relation to each of the Core Wind Group or the 3 Italia Group, as applicable their aggregate working capital, comprising their inventory, trading receivables, trading payables, other receivables and other payables (including other current assets and liabilities and any irrecoverable VAT or other indirect Taxes arising in respect thereof), on a consolidated basis and without duplication, excluding any item included in the definitions of Cash or Debt.

2. In this agreement:

(a) references to a person include bodies corporate and an unincorporated association of persons;

(b) references to an individual include his estate and personal representatives;

(c) subject to clause 31, references to a Party to this agreement include references to the successors and assigns (immediate or otherwise) of that Party;

(d) a person shall be deemed to be **connected** with another if that person is connected with that other within the meaning of section 1122 of the Corporation Tax Act 2010 (as in force at the date of this agreement);

(e) references to a transfer of a share include the disposal of any interest in that share (including the creation of any security interest or other third party right over any interest in that share and any renouncement in favour of another person of any right to the allotment or transfer of that share);

(f) the words **including** and **include** shall mean including without limitation and include without limitation, respectively;

(g) the singular shall include the plural and vice versa, and any reference importing a gender includes the other gender;

(h) any reference to a time of day is to London time;

(i) any reference to **€** or **EUR** is to Euro;

(j) any reference to writing includes typing, printing, lithography and photography but excludes any form of electronic communication;

(k) any reference to a document is to that document as amended, varied or novated from time to time otherwise than in breach of this agreement or that document; and

(l) any reference in connection with Tax to income, profits or gains **earned, accrued or received** on or before a particular date or in respect of a particular period shall include income, profits or gains which for Tax purposes are deemed to have been or are treated or regarded as earned, accrued or received on or before that date or in respect of that period.

3. In this agreement, any reference, express or implied, to an enactment includes:

(a) that enactment as re-enacted, amended, extended or applied by or under any other enactment (before, on or after the signature of this agreement);

(b) any enactment which that enactment re-enacts (with or without modification); and

(c) any subordinate legislation made (before, on or after the signature of this agreement) under any enactment, as re-enacted, amended, extended or applied as described in paragraph (a) above, or under any enactment referred to in paragraph (b) above,

provided that no such enactment or subordinate legislation made after the date of this agreement shall increase the liability of any Party under this agreement, and **enactment** includes any legislation in any jurisdiction.

4. Any statement (other than the VIP Tax Warranty) qualified by the expression *so far as VIP is aware* or any similar expression shall be deemed only to be made on the basis of the actual knowledge, at the date of this agreement, of the following persons and shall carry no requirement to make enquiries of any other person (save that the reference to awareness in the warranty at paragraph 31 of Schedule 4 shall not be limited by this provision):

(a) Maximo Ibarra

(b) Giuseppe Gola

(c) Mark Shalaby

(d) Romano Righetti

(e) Valerio Marra

(f) Nicola Grassi

(g) Andrew Davies

(h) Scott Dresser

(i) David Dobbie

(j) Geza Negy

5. Any statement in the VIP Tax Warranty qualified by the expression *so far as VIP is aware* or any similar expression shall be deemed only to be made on the basis of the actual knowledge, at the date of this agreement, of the following persons and shall carry no requirement to make enquiries of any other person:

(a) Giuseppe Gola

(b) Filippo Annibaldi

(c) Giovanni Vivona

(d) Rob Leemans

(e) Bart Kuper

6. Any statement (other than the HET Tax Warranty) qualified by the expression *so far as HET is aware* or any similar expression shall be deemed only to be made on the basis of the actual knowledge, at the date of this agreement, of the following persons and shall carry no requirement to make enquiries of any other person (save that the reference to awareness in the warranty at paragraph 31 of Schedule 6 shall not be limited by this provision):

(a) Frank Sixt

(b) Stefano Invernizzi

(c) Dina Ravera

(d) Fabio Missori

(e) Antongiulio Lombardi

(f) Antonella Ambriola

(g) Robert Eckert

(h) Steven Allen

(i) Grant Stevenson

(j) Susan Buttsworth

7. Any statement in the HET Tax Warranty qualified by the expression *so far as HET is aware* or any similar expression shall be deemed only to be made on the basis of the actual knowledge, at the date of this agreement, of the following persons and shall carry no requirement to make enquiries of any other person:

(a) Stefano Invernizzi

(b) Marco Fella

(c) Gianfranco Manenti

(d) Guy Ellis

(e) Kaushal Tikku

8. Words and expressions defined in the Companies Act 2006 (as amended) have the same meaning in this agreement unless otherwise defined.

9. If there is any conflict or inconsistency between a term in the body of this agreement and a term in any of the schedules or any other document referred to or otherwise incorporated in this agreement, the term in the body of this agreement shall take precedence.

10. The *eiusdem generis* rule does not apply to this agreement. Accordingly, specific words indicating a type, class or category of thing do not restrict the meaning of general words following such specific words, such as general words introduced by the word **other** or a similar expression. Similarly, general words followed by specific words shall not be restricted in meaning to the type, class or category of thing indicated by such specific words.

11. A reference in this agreement to any English legal term for any action, remedy, method or form of judicial proceeding, legal document, court or any other legal concept or matter will be deemed to include a reference to the corresponding or most similar legal term in any jurisdiction other than England, to the extent that such jurisdiction is relevant to the transactions contemplated by this agreement or the terms of this agreement.

12. Paragraphs 1 to 11 above apply unless the contrary intention appears.

SIGNATORIES

VIP

EXECUTED as a deed by	)	
VIMPELCOM AMSTERDAM B.V	)	/s/ Scott Dresser
	)	Authorised signatory

Witness's Signature /s/ David Dobbie

Name: David Dobbie

Address: Apt 2307, Murjan Tower
Dubai Marina Towers
Dubai, UAE

VIP Guarantor

EXECUTED as a deed by	)	
VIMPELCOM LTD.	)	/s/ Scott Dresser
	)	Authorised signatory

Witness's Signature /s/ David Dobbie

Name: David Dobbie

Address: Apt 2307, Murjan Tower
Dubai Marina Towers
Dubai, UAE

HET

EXECUTED by)

HUTCHISON EUROPE TELECOMMUNICATIONS S.À R.L.
Acting by: Richard Chan) /s/ Richard Chan
) Director

HET Guarantor

EXECUTED by)

CK HUTCHISON HOLDINGS LIMITED
Acting by: Frank Sixt) /s/ Frank Sixt
) Director

H3G II

EXECUTED by)

HUTCHISON 3G ITALY INVESTMENTS S.À R.L.
Acting by: Richard Chan) /s/ Richard Chan
) Director

Exhibit 4.5

SHAREHOLDERS' DEED

DATED 6 AUGUST 2015

By and between

HUTCHISON 3G ITALY INVESTMENTS S.à R.L.

and

VIMPELCOM LUXEMBOURG HOLDINGS S.à R.L.

and

HUTCHISON EUROPE TELECOMMUNICATIONS S.à R.L.

and

VIMPELCOM LTD.

and

CK HUTCHISON HOLDINGS LIMITED

ALLEN & OVERY

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THIS DEED is made on 6 August 2015

BETWEEN:

(1) **HUTCHISON 3G ITALY INVESTMENTS S.à R.L.,** a *société à responsabilitée limitée* incorporated under the laws of the Grand Duchy of Luxembourg having its registered office at 7, rue du Marché-aux-Herbes, L-1728 Luxembourg, Grand Duchy of Luxembourg registered with the Luxembourg trade companies register under number B77457 (the **Company**);

(2) **VIMPELCOM LUXEMBOURG HOLDINGS S.à R.L.,** a *société à responsabilitée limitée* incorporated under the laws of the Grand Duchy of Luxembourg having its registered office at 15, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg registered with the Luxembourg trade companies register under number B199019 (**VIP**);

(3) **HUTCHISON EUROPE TELECOMMUNICATIONS S.à R.L.,** a *société à responsabilitée limitée* incorporated under the laws of the Grand Duchy of Luxembourg having its registered office at 7, rue du Marché-aux-Herbes, L-1728 Luxembourg, Grand Duchy of Luxembourg registered with the Luxembourg trade companies under number B74649 (**HET**);

(4) **VIMPELCOM LTD.,** an exempted company limited by shares incorporated under the laws of Bermuda having its registered office at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda registered with the Registrar of Companies in Bermuda under number 43271 and having its principal executive offices at Claude Debussylaan 88, 1082 MD, Amsterdam, the Netherlands (**VIP Guarantor**); and

(5) **CK HUTCHISON HOLDINGS LIMITED.,** an exempted company incorporated under the laws of the Cayman Islands whose principal place of business is 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong registered with the Registrar of Companies in the Cayman Islands under number MC-294571 (**HET Guarantor**).

BACKGROUND:

(A) Details of the Company are set out in Schedule 1.

(B) This deed takes effect on the Effective Date and continues until terminated in accordance with its terms.

(C) The parties have agreed that the Company and its Subsidiaries from time to time (the **Group**) are to be owned, controlled, managed and financed on the terms set out in this deed.

(D) The Company, VIP, the VIP Guarantor, HET and the HET Guarantor entered into the Contribution and Framework Agreement on or about the date of this deed in order, among other things, for VIP and HET to create a joint venture whereby VIP and HET directly own the Company.

(E) The VIP Guarantor is the ultimate holding company of VIP and is willing to guarantee the obligations of VIP under this deed.

(F) The HET Guarantor is the ultimate holding company of HET and is willing to guarantee the obligations of HET under this deed.

(G) In consideration of the mutual promises of each of the parties and the contributions they undertake to make and have made to the Business, the parties agree to enter into this deed to govern their relationship and to set out and agree upon the governance arrangements of the Group.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In addition to terms defined elsewhere in this deed, the definitions and other provisions in Schedule 11 apply throughout this deed.

1.2 In this deed, unless the contrary intention appears, a reference to a clause, subclause, paragraph, or schedule is a reference to a clause, subclause, paragraph, or schedule of or to this deed. The schedules form part of this deed.

1.3 The headings in this deed do not affect its interpretation.

2. EFFECTIVE DATE

2.1 Subject to clause 2.2 below, this deed shall take effect on and from, and have no force or effect until, the Effective Date.

2.2 Schedule 10 shall take effect on a Trigger Event Date in accordance with clause 24.5(d).

3. BUSINESS AND OBJECTIVES

3.1 Business of the Group

The Group is to own and carry on the Business in accordance with the provisions of this deed and the Company shall not, and shall procure that each other Group Company does not, carry on any other business apart from the Business, unless otherwise approved by the Shareholders in accordance with clause 8.1.

3.2 Objectives of the Group

(a) The parties acknowledge and agree that the primary objective and the key governing principle of the Company is to increase the equity value of the Group (the **Overriding Objective**).

(b) In order to achieve the Overriding Objective, each Shareholder undertakes to use all its voting powers as a Shareholder and such other powers and rights available to that Shareholder from time to time so as to ensure and procure (insofar as it is able to do so in the exercise of such powers and rights), and the Company shall procure, that the Group is at all times operated in accordance with the Agreed Fundamental Business Objectives (set out in Schedule 2).

3.3 Development of the Business of the Group

The parties will discuss in good faith further opportunities to develop the Business. The implementation of any such opportunity will be subject to approval by the Shareholders in accordance with clause 8.1.

3.4 Management and control of the Company

The management and control of the Company shall be exercised in Luxembourg and the Shareholders shall use all reasonable endeavours to ensure that the Company is treated for all purposes, including taxation, as resident in Luxembourg.

4. COMPLIANCE WITH AND PRECEDENCE OF THIS DEED

4.1 General undertaking

Each Shareholder shall exercise all powers and rights available to that Shareholder as a holder of Shares and such other rights and powers available to that Shareholder from time to time in order to give effect to the provisions of this deed and to ensure that the Company complies with each of its respective obligations under this deed and procure that the provisions of this deed concerning any Group Company are given effect. References in this deed to the Shareholders procuring that the Company (and each Group Company) performs its obligations are to be interpreted accordingly.

4.2 Deed prevails over Articles

Each Shareholder agrees that if any provision of the Articles or the articles of association or equivalent foundation document of any other Group Company at any time conflicts or is inconsistent with the provisions of this deed, provided that such provisions of this deed do not conflict with and are not inconsistent with any applicable law: (i) the provisions of this deed are to prevail between the parties to the extent of the conflict or inconsistency, (ii) the Articles and/or the articles of association or equivalent of any other Group Company will be taken to be read and interpreted accordingly, and (iii) the Articles and/or the articles of association or equivalent of any other Group Company shall be amended to the maximum extent permitted in accordance with clause 4.3.

4.3 Amendments to Articles

Each Shareholder shall exercise all powers and rights available to it to amend the MergeCo Articles and articles of association or equivalent of each other Group Company (as applicable) to reflect the MergeCo Articles Extract, and no other provisions inconsistent with the MergeCo Articles Extract, prior to or on the Effective Date. For the entire duration of this deed, the Articles and the articles of association or equivalent of each other Group Company shall be and shall remain in accordance with the provisions of this deed (as may be amended from time to time) to the maximum extent permitted by applicable law.

5. BOARD COMPOSITION AND CORPORATE GOVERNANCE

5.1 Number of Directors

The number of Directors shall, from time to time, be six.

5.2 Appointment and replacement of Directors

Each of the Major Shareholders (each an **Appointer**) may each from time to time:

(a) propose for appointment three Directors; and

(b) propose the replacement of any or all of the Directors proposed by it in accordance with paragraph (a) above by notice in writing sent to the Company and to the other Directors, as further specified in clause 5.4,

provided that the Major Shareholders undertake that they shall not propose for appointment a Director who is ineligible to be a director under any applicable law or any provision of the Articles or is a Sanctioned Person and shall promptly take all steps necessary to replace any Director who becomes ineligible or a Sanctioned Person.

5.3 Removal of Directors

(a) Notwithstanding any other provision of this deed, a person will be removed as a Director (in accordance with clause 5.5) and, if applicable, a director of each Group Company if the person is, or becomes, ineligible to be a Director under any applicable law or any provision of the Articles or is, or becomes, a Sanctioned Person.

(b) Notwithstanding any other provision of this deed, a Director will be removed as a Director (in accordance with clause 5.5) and, if applicable, a director of each Group Company if such Director's Appointer ceases to be (i) a party to this deed; or (ii) a Major Shareholder.

(c) The Appointer shall indemnify the Company against any Loss arising as a result of or in connection with its Director's removal from office.

5.4 Process for appointment and removal of Directors

To propose the appointment or removal of a Director under this deed, an Appointer shall give written notice (the **Director Notice**) to the Company and the other Directors specifying the identity of the person it wishes to propose for appointment or removal. The Director Notice:

(a) in the case of an appointment, shall state the name and address of the relevant Director, and be accompanied by a signed written consent from that person agreeing to act as a Director; and

(b) in the case of a removal, shall state the name of the Director that it wishes to have removed from office, and should (if reasonably practicable) be accompanied by a signed written resignation from that person acknowledging that they have no claim to the maximum extent permitted by law against any Group Company in respect of fees, remuneration, compensation for loss of office or otherwise and the Appointer shall use reasonable endeavours to procure the same.

5.5 Shareholders' meeting to appoint and remove Directors, and voting undertaking

(a) Upon receipt of a Director Notice, the Company must convene an urgent general meeting of its Shareholders solely for the purpose of the appointment and/or a removal of a Director pursuant to the Director Notice served in accordance with clause 5.4 (an **Urgent Shareholders' Meeting**) as soon as possible.

(b) Each of the Major Shareholders irrevocably undertakes to attend the Urgent Shareholders' Meeting and authorises and grants the Appointer full power to exercise all rights in relation to the authorising Major Shareholder's Shares in its absolute discretion, including (but not limited to):

  (i) receiving notice, attending and voting at any Urgent Shareholders' Meeting or signing any resolution as the registered holder of the Shares; and/or

  (ii) completing and returning proxy cards, consents to short notice and any other documents required to be signed by the registered holder of the Shares,

  for the sole purpose of the appointment and/or removal of a Director nominated by the Appointer pursuant to the Director Notice in accordance with this clause 5 and clause 20.

(c) If for any reason the authority granted under paragraph (b) above does not result in the other Shareholder being able to appoint and/or remove any Directors, each of the Major Shareholders undertakes to vote in favour of any appointment of the relevant Director(s) or removal of the relevant Director(s) by the Appointer in accordance with this clause 5.

5.6 Chairman

(a) The Board shall from the Effective Date have a chairman (the **Chairman**). The right to propose the appointment and replacement of the Chairman will rotate between each Major Shareholder every eighteen months following the Effective Date. HET has the right to propose for appointment and replacement one of its Directors as the Chairman of the Board for the first eighteen months following the Effective Date and VIP has the right to propose for appointment and replacement one of its Directors as Chairman for the next eighteen months immediately following.

(b) The Chairman of the Board shall have a Casting Vote provided that:

(i) the Chairman shall only be entitled to exercise such Casting Vote as required (in his/her reasonable opinion) to assure the continuity of the business and affairs of the Group in accordance with this deed and such Casting Vote supports the Overriding Objective and is not contrary to either the Agreed Fundamental Business Objectives (set out in Schedule 2) or the Business Plan and the Major Shareholder proposing the Chairman for appointment shall use their reasonable endeavours to procure that in exercising such Casting Vote the Chairman acts in a manner that (in the Chairman's reasonable opinion) is in accordance with this deed and supports the Overriding Objective and is not contrary to either the Agreed Fundamental Business Objectives (set out in Schedule 2) or the Business Plan;

(ii) such Casting Vote can never be exercised in connection with any matter arising out of or in relation to the Company making a determination of any kind whatsoever relating to a Disposal of Stapled Interests, including without limitation whether: (A) a Disposal of Stapled Interests is in breach of this deed and/or the Articles; and (B) to register a Disposal of Stapled Interests when any question exists over such Disposal having been in breach of either this deed or the Articles;

(iii) such Casting Vote can never be exercised in connection with any matter arising out of or in relation to the Company making any decisions of any kind whatsoever relating to a Commitment; and

(iv) for the avoidance of doubt, such Casting Vote can never be exercised: (A) so as to appoint, remove or replace a CEO or a Merger Integration Officer; or (B) so as to vary the role of the CEO as set out in clause 6.2.

5.7 Board meetings

Unless otherwise approved by Board Approval, meetings of the Board shall be held and conducted in accordance with the provisions of Schedule 3.

5.8 Audit Committee

The Board shall from the Effective Date establish and maintain an audit committee (the **Audit Committee**) for the purpose of considering and, unless the Board determines otherwise, making recommendations to the Board in relation to financial and audit matters in respect of the Group. Its membership shall consist of an even number of Directors, with an equal number nominated by each Major Shareholder. The right to appoint and remove the chairman of the Audit Committee will rotate between the Major Shareholders every eighteen months following the Effective Date. VIP has

the right to appoint and replace one of its Directors as chairman of the Audit Committee for the first eighteen months following the Effective Date and HET has the right to appoint and replace one of its Directors as chairman of the Audit Committee for the next eighteen months immediately following. The quorum for a meeting of the Audit Committee is the presence in person, or by proxy, representative or attorney, of at least two of its members, of whom at least one shall be an HET nominee and at least one shall be a VIP nominee. The Audit Committee shall operate in accordance with the Audit Committee Terms of Reference.

5.9 HR and Remuneration Committee

The Board shall from the Effective Date establish and maintain a human resources and remuneration committee (the **HR & Remuneration Committee**) for the purpose of considering and, unless the Board determines otherwise, making recommendations to the Board in relation to human resources and remuneration matters in respect of the Group. Its membership shall consist of an even number of Directors, with an equal number nominated by each Major Shareholder. The right to appoint and remove the chairman of the HR and Remuneration Committee will rotate between the Major Shareholders every eighteen months following the Effective Date. VIP has the right to appoint and replace one of its Directors as chairman of the HR and Remuneration Committee for the first eighteen months following the Effective Date and HET has the right to appoint and replace one of its Directors as chairman of the HR and Remuneration Committee for the next eighteen months immediately following. The quorum for a meeting of the HR & Remuneration Committee is the presence in person, or by proxy, representative or attorney, of at least two of its members, of whom at least one shall be an HET nominee and at least one shall be a VIP nominee. The HR & Remuneration Committee shall operate in accordance with the HR & Remuneration Committee Terms of Reference.

5.10 Other committees of the Board

The Board may establish and maintain other committees as it sees fit from time to time.

5.11 Decisions of committees of the Board

(a) Decisions of committees of the Board or other corporate bodies or sub-formations thereof of the Company, including, without limitation, the Audit Committee and the HR & Remuneration Committee, shall be taken unanimously, and in the event of any disagreement between members of any such committee of the Board, such matter shall be referred to the Board for decision.

(b) Unless the Board specifically delegates authority, powers and/or duties to a committee of the Board or other corporate bodies or sub-formations thereof of the Company, then no decision of a committee of the Board or other corporate bodies or sub-formations thereof of the Company shall have a binding effect on any Shareholder, on any Directors, on the Company, any other Group Company or their management.

5.12 Advisory Board

The Major Shareholders shall establish and maintain a standing body of expert advisers consisting of four appointees (the **Advisory Board**) having appropriate business sector and country experience and seniority. All members of the Advisory Board shall at all times be agreed by the Major Shareholders, and each Major Shareholder shall be entitled to nominate any number of candidates for consideration. Members of the Advisory Board shall serve for a 12 month term. Renewal of the term of or replacement of an Advisory Board member shall require approval of the Major Shareholders. Compensation for an Advisory Board member shall be up to €300,000 per annum plus reasonable expenses, subject to any other agreement by the Major Shareholders from time to time in

accordance with clause 8.1. The Major Shareholders shall use reasonable endeavours to procure that the Advisory Board meets as necessary in advance of all meetings of the Board and of certain meetings of committees of the Board. The Advisory Board shall be provided with all necessary information materials relating to the business and affairs of the Group subject to appropriate confidentiality arrangements and conflicting interest restrictions being established and maintained by members of the Advisory Board to the satisfaction of the Board and shall provide the Shareholders and Directors with their advice in respect of all matters relating to the business and affairs of and the best interests of the Group. Shareholders and the Directors may also submit any other matters on which they feel advice of the Advisory Board or any member(s) thereof may be helpful to them. The Advisory Board shall have no authority to decide any matter and its advice shall have no binding effect on the Shareholders, on any Directors appointed by them, on the Company or any Group Company or their management.

5.13 Monthly Chairman's Review Meetings

In addition to meetings of committees of the Board, the chairman of the Board shall convene an informal monthly meeting, the attendees for which shall be the Chairman, the anticipated successor to the Chairman at the next rotation in accordance with clause 5.6(a) (as determined by the relevant Major Shareholder appointing such successor Chairman) and Senior Management (and during the Merger Integration Period the attendees shall also include those persons identified in paragraph 3.1 of Schedule 5) (the **Monthly Chairman's Review Meetings**). The purpose of the Monthly Chairman's Review Meetings shall be to review both the financial and operating performance of the Group and to progress the Merger Integration Plan so as to bring forward for immediate and timely Board decision any matters requiring decision in order to progress the Business Plan and/or to achieve the Agreed Fundamental Business Objectives (set out in Schedule 2).

5.14 Location of Committee meetings

All meetings of the Audit Committee, the HR & Remuneration Committee and all other committees established by the Board, and of the Monthly Chairman's Review Meetings and Advisory Board meetings, are to be held in Luxembourg and a majority of committee members must be physically present at such committee meetings unless:

(a) the Chairman alone determines (in the case of the Chairman's Monthly Review Meetings); or

(b) the Chairman (or the chairman of the relevant Board committee, as the case may be) and a Director (or committee member, as the case may be) whose appointment was proposed by the Shareholder that did not propose or appoint the Chairman (or chairman of the committee, as the case may be) agree,

that exceptional circumstances apply.

5.15 Remuneration for Directors and committee members

Unless otherwise agreed by the Major Shareholders, compensation for each Director, and compensation for each member of the Audit Committee and for each member of the HR and Remuneration Committee, shall be €20,000 per annum, provided that such compensation for any single individual shall not exceed €20,000 per annum, plus reasonable travel and accommodation expenses. All such compensation and expenses shall be borne by the Company.

5.16 Shareholder meetings

Shareholder meetings shall be held and conducted in accordance with the provisions of Schedule 4.

5.17 Shareholder obligations vis-à-vis nominees

The Shareholders agree to cause their respective Directors and nominees to any committee of the Board or other organ of the Group to take into account the Overriding Objective and the Agreed Fundamental Business Objectives (set out in Schedule 2) when exercising their voting rights as Directors provided always that no Director shall be required to act in breach of his/her fiduciary duties or other applicable duties as a director or other laws. The Shareholders agree to cause their respective Directors to discharge their fiduciary duties as directors of the Company solely in the best interests of the Company and the Group (as applicable) and in a manner consistent with maintaining the highest standards of conduct in the Company's and the Group's businesses (as applicable) together with best practices under generally accepted corporate governance and corporate social responsibility standards.

6. GOVERNANCE AND MANAGEMENT

6.1 Board responsibilities and obligations

(a) Subject to the Shareholder Reserved Matters, the Articles and all applicable laws and regulations, the business of the Company shall be managed by the Board, including all Board Reserved Matters.

(b) Subject to paragraph (a) above, the Board:

(i) is responsible for the overall strategic guidance of the Group and for overseeing the Group's internal controls; and

(ii) shall ensure that the business of the Group is managed in accordance with this deed, the Articles, the Overriding Objectives and the Agreed Fundamental Business Objectives (as set out in Schedule 2).

6.2 CEO and Managing Director of MergeCo

The Shareholders agree that the CEO of MergeCo, pursuant to the terms and conditions of the employment agreement dated on or about of this deed, shall also be the managing director (*amministratore delegato*) for the Group Companies incorporated in Italy, of MergeCo and the other Group Companies owned, directly or indirectly, by MergeCo (the **MD**), with the powers and authorities set out in the MD Delegation (which will be granted to the MD by the board of directors' meeting of the relevant company).

6.3 MergeCo Board roles and responsibilities

(a) Subject to the MergeCo Reserved Matters, MergeCo Articles, the MD Delegation and all applicable laws and regulations, the business of MergeCo shall be managed by the MergeCo Board.

(b) Subject to clause 6.1(b) and paragraph (a) above, the MergeCo Board:

(i) is responsible for the overall strategic guidance of the MergeCo Group and for overseeing the MergeCo Group's internal controls; and

(ii) shall ensure that the business of the MergeCo Group is managed in accordance with this deed, the MergeCo Articles, the Overriding Objective and the Agreed Fundamental Business Objectives (as set out in Schedule 2).

(c) All decision making in respect of the MergeCo Reserved Matters will be escalated to the Company for consideration and final determination in accordance with the Reserved Matters and the provisions of this deed.

6.4 MD's responsibilities and obligations

Subject to the MergeCo Reserved Matters, the MergeCo Articles, the provisions of applicable laws and clauses 6.1 and 6.3 above, the MD, in his capacity as MD and/or CEO (as applicable), shall manage the Business and affairs of the MergeCo Group in accordance with the MD Delegation and, if applicable, the CEO's duties and responsibilities.

6.5 CEO's and the Merger Integration Officer's responsibilities and obligations

Part 2 of Schedule 5 details the roles and responsibilities of the CEO and the Merger Integration Officer during the Merger Integration Period.

6.6 CEO Board attendance

The CEO shall be invited to attend all Board meetings to present on the performance of the MergeCo Group. At the request of any Director, the CEO may be required to "step-out" of or not attend any Board meeting. The Board, in its absolute discretion, may provide the CEO with relevant Board meeting materials relating to the business of the MergeCo Group prior to such Board meetings. For the avoidance of doubt, the CEO shall not be entitled to vote at such Board meetings nor be counted towards any Board meeting quorum requirements.

6.7 MergeCo Board Composition

(a) The number of MergeCo Directors shall, from time to time, be three.

(b) The Company shall from time to time take all necessary steps for:

(i) the appointment as a MergeCo Director of one Director or other nominee representative of each Major Shareholder of the Company as nominated by the relevant Major Shareholder (the **Shareholder Nominated MergeCo Directors**); and

(ii) the replacement of such Shareholder Nominated MergeCo Directors as proposed by the relevant Major Shareholder who nominated the MergeCo Director in accordance with paragraph (i) above),

provided that the Company undertakes that it shall not cause the appointment of a Shareholder Nominated MergeCo Director who is ineligible to be a director under any applicable law or any provision of the MergeCo Articles or is a Sanctioned Person, and in each case shall promptly take all steps necessary to replace any Shareholder Nominated MergeCo Director who becomes ineligible or a Sanctioned Person.

(c) The other MergeCo Director shall be the CEO.

(d) The Company shall procure that (i) the Shareholder Nominated MergeCo Directors and the CEO are formally appointed on the Effective Date as MergeCo Directors at a shareholder meeting (or, if and to the extent allowed under applicable law, by way of written resolution) and (ii) the CEO is appointed as MD at a MergeCo Board's meeting, all the preceding in accordance with the MergeCo Articles.

(e) The MergeCo Board shall have a chairman (the **MergeCo Chairman**). The Company shall procure to appoint as the MergeCo Chairman the relevant Shareholder Nominated MergeCo Director who represents the Major Shareholder that proposed for appointment the then Chairman of the Company (and for the same term as the Chairman of the Company). The MergeCo Chairman shall not have a Casting Vote.

(f) In accordance with the MergeCo Articles:

(i) any MergeCo Director may require items to be included on an agenda of any meeting of the MergeCo Board;

(ii) the quorum for the MergeCo Board to validly deliberate is the presence (as described in the MergeCo Articles) of both Shareholder Nominated MergeCo Directors (the **MergeCo Board Quorum**);

(iii) if the MergeCo Board Quorum is not present at a meeting of the MergeCo Board, within 30 minutes of the time appointed for the start of the meeting, the meeting will be adjourned to a second call, on the date, time and place indicated in the notice of call. If the MergeCo Board Quorum is not present at the meeting on second call (*seconda convocazione*) within 30 minutes of the time appointed for the start of the meeting, the meeting will be adjourned to a third call (*terza convocazione*), on the date, time and place indicated in the notice of call. The quorum for the meeting of the MergeCo Board adjourned to the third call (*terza convocazione*) shall be the presence of any two MergeCo Directors;

(iv) any decisions of the MergeCo Board in the event of a MergeCo Board Quorum (other than approval of the draft annual financial statements of MergeCo, which will require a simple majority vote) will require an affirmative vote of both the Shareholder Nominated MergeCo Directors. Without prejudice to the foregoing, if, on any matter considered by a MergeCo Board Quorum, the Shareholder Nominated MergeCo Directors do not affirmatively vote in favour or against a decision, no decision will be taken by the MergeCo Board of that matter; and

(v) any decisions of the MergeCo Board in the event of a quorum of any two MergeCo Directors in accordance with paragraph (iii) above (*i.e.* the MergeCo Board adjourned to the third call (*terza convocazione*)), will require the affirmative vote of any two MergeCo Directors.

6.8 Subsidiary Governance provisions

Details of further governance arrangements relating to Group Companies owned, directly or indirectly, by MergeCo (the **Subsidiary Governance Provisions**) are set out in Schedule 9.

7. MERGER INTEGRATION PROVISIONS

The Merger Integration Provisions shall apply during the Merger Integration Period.

8. RESERVED MATTERS

8.1 Matters requiring Shareholder Approval

Each Shareholder undertakes to exercise all its voting powers as a Shareholder and the Company undertakes to exercise all its respective powers and rights so as to procure (insofar as it is able to do so by the exercise of such powers) that no Group Company does any of the things listed in Part 1 of Schedule 6 without the prior written approval of each Major Shareholder.

8.2 Manner of giving Shareholder Approval

Any approval under clause 8.1 by a Major Shareholder may be given on behalf of that Major Shareholder by:

(a) notice in writing executed by or on behalf of that Major Shareholder; or

(b) the affirmative vote of that Major Shareholder at a general meeting of the Shareholders,

in each case stating that the notice or vote, as the case may be, constitutes the approval of that Major Shareholder for the purposes of clause 8.1 of this deed.

8.3 Matters requiring Board Approval

The Company undertakes to exercise all its respective powers and rights, and each Shareholder undertakes to exercise all its voting powers as a Shareholder so as to procure (insofar as it is able to do so by the exercise of such powers) that no Group Company does any of the things listed in Part 2 of Schedule 6 without the approval by resolution of the Board.

9. CONFLICT OF INTERESTS

9.1 Directors' Interests and voting rights

Subject to clause 9.2, if a Director has an Interest in any matter which is reasonably likely to conflict with the interests of the Company or the Business (as applicable) and which is to be considered or voted upon at a Board meeting or which is to be the subject of a written resolution of the Directors, the Director shall, prior to the relevant matter being decided by the Board, declare the Interest to each other Director setting out, in all material respects, the nature and extent of the Interest and the relation of the Interest to the affairs of the Company or the Business. Whether or not a Director complies with its obligations under this paragraph, the Director (subject to clause 9.2):

(a) is entitled to attend or participate in any discussion on matters that relate to the Interest;

(b) is entitled to receive all information and advice received by the other Directors on matters that relate to the Interest;

(c) is entitled to vote (and be counted in a quorum at a meeting) on matters that relate to the Interest; and

(d) is entitled to retain benefits under any transaction relating to the Interest and the Company cannot avoid any such transaction merely because of the existence of the Interest.

9.2 Conflict between Shareholder Interests and Company rights

A Shareholder who has an Interest relating to any matter set out in clause 9.3 is not entitled to exercise any right or power to prevent any Group Company from enforcing its rights or defending itself in relation to that matter. Other than in those specific circumstances set out in paragraphs (a) to (c) of clause 9.3 a Shareholder shall always, subject to applicable law, be entitled to exercise any right or power given to it under this deed or at law.

9.3 Shareholder Interests and Directors' voting rights

If any matter is to be considered or voted upon at a Board meeting or is to be the subject of a written resolution of the Directors and relates to any Group Company:

(a) exercising its discretion in relation to its powers or enforcing any material rights under or taking any material action against a Shareholder (or a member of its group);

(b) defending itself against any action taken against it by a Shareholder (or a member of its group); or

(c) defending itself against any action taken against it by a Director appointed by a Shareholder,

in relation to any material matter arising under any agreement entered into between a Group Company and any member of a Shareholder's group in accordance with clause 21, the Hutchison IP License (as defined in the Contribution and Framework Agreement) or clause 23, then that matter shall be considered at a separate meeting or meetings of the Board (notice of which shall be given to each Director), and all the Directors appointed by the relevant Shareholder are not entitled:

(i) to share with any party (including the relevant appointing Shareholder) any information or advice received by the Company in relation to that matter; or

(ii) to exercise their vote at such meeting so as to prevent any Group Company from taking such action.

10. BUSINESS PLANS, BUDGETS AND DISTRIBUTION POLICY

10.1 Agreed Business Plan and Budget

(a) The Business Plan for the period from the Effective Date to the date that is three full calendar years after the Effective Date will be the Agreed Business Plan.

(b) The Budget for the period from the Effective Date to the end of the first calendar year after the Effective Date shall be a detailed, monthly budget consistent with the first calendar year of the Agreed Business Plan and will be the Initial Budget.

(c) Each Business Plan and Budget shall be prepared in a manner that is consistent with the Accounting Standards.

10.2 Subsequent Business Plans

(a) Any change to the Business Plan where the change within any 12 month period is equal to or less than 10% of the projected operating profit, EBITDA or free cash flow of the Group (in the case of the Agreed Business Plan, in Scenario Two) for a Financial Year requires the approval of the Board in accordance with clause 8.3. Any change to the Business Plan where the change is greater than 10% of the projected operating profit, EBITDA or free cash flow of the Group (in the case of the Agreed Business Plan, in Scenario Two) for a Financial Year or which otherwise constitutes a material change to the Business Plan requires the approval of the Shareholders in accordance with clause 8.1.

(b) Prior to the expiry of the relevant period for the Business Plan the Company shall procure that the CEO prepares and submits to the Board or the Shareholders (as required under this deed), for their consideration and approval, a draft Business Plan in a format consistent with the Agreed Business Plan for the next period to be covered by the Business Plan.

(c) The draft Business Plan submitted to the Board or the Shareholders (as applicable) for the next rolling three-year period will not become the Business Plan for that subsequent period unless and until it has received Board Approval or Shareholder Approval (as applicable).

10.3 Subsequent Budgets

(a) Prior to the expiry of the relevant period for the Budget (or by such later date as the Board may decide), the Company shall procure that the CEO prepares and submits to the Board, for its consideration and approval, a draft Budget in a format consistent with the Initial Budget for the next Financial Year. The draft Budget will be a detailed, monthly budget consistent with the first calendar year of the then current Business Plan.

(b) The draft Budget submitted to the Board for the next Financial Year (as the case may be) will not become the Budget for that subsequent period unless and until it has received Board Approval.

(c) If:

(i) during the term of the Agreed Business Plan, a Budget for a Financial Year has not been approved in accordance with clause 10.3(b) by the start of that Financial Year, then, unless and until the draft Budget for that Financial Year has been so approved, the operating cost budget for the Group shall be carried forward from the last Budget and adjusted for achieved synergies and the latest cost estimate of activities in the Agreed Business Plan; and

(ii) following the term of the Agreed Business Plan, a Budget for a Financial Year has not been approved in accordance with clause 10.3(b) by the start of that period or Financial Year, then, unless and until the draft Budget for that period or Financial Year has been so approved, the operating cost budget for the Group shall be carried forward from the last Budget until a new Budget is agreed.

10.4 Group distribution policy

(a) Subject to:

(i) any relevant statute and applicable law;

(ii) the Overriding Objective;

(iii) the Agreed Fundamental Business Objectives;

(iv) any mandatory debt repayment requirements of the Group;

(v) compliance with any debt covenants of the Group or the terms of any subordination undertakings given by a Group Company under any Financing Documents, or replacement or new finance documents entered into by the Group from time to time;

(vi) the Shareholders deciding to retain all or part of such funds to obtain or maintain of a desired rating for any of the Group's debt; and

(vii) the Shareholders determining that all or part of such funds are required to meet the funding needs of the Group, or are required for any other investment as may be approved by the Shareholders from time to time in accordance with the provisions of this deed,

the Company shall and the Shareholders shall procure that the Company shall distribute by way of Dividend, repayment of the FinCo Loan (in whole or in part) or otherwise an amount equal to at least the following:

(A) 80% of consolidated free cash flow if net leverage of the Group for the trailing twelve month period at the end of two consecutive quarters (the **Deleveraging Level**) is below 3.0x EBITDA, provided that following such distribution the Group's net leverage remains below 3.0x last twelve months EBITDA. In the event a distribution of 80% free cash flow for the trailing twelve month period would result in net leverage in excess of 3x last twelve months EBITDA, the Company shall distribute such lesser amount, if any, as is consistent with maintaining net leverage not greater than 3x last twelve months; or

(B) 60% of consolidated free cash flow if the Deleveraging Level is below 3.5x EBITDA, provided that following such distribution the Group's net leverage remains below 3.5x last twelve months EBITDA following the distribution. In the event a distribution of 60% free cash flow for the trailing 12 month period would result in net leverage in excess of 3.5x last twelve months EBITDA, the Company shall distribute such lesser amount, if any, as is consistent with maintaining net leverage not greater than 3.5x last twelve months; or

(C) 40% of consolidated free cash flow if the Deleveraging Level is below 4.0x EBITDA, provided that following such distribution the Group's net leverage remains below 4.0x last twelve months EBITDA following the distribution. In the event a distribution of 40% free cash flow for the trailing 12 month period would result in net leverage in excess of 4.0x last twelve months EBITDA, the Company shall distribute such lesser amount, if any, as is consistent with maintaining net leverage not greater than 4.0x last twelve months,

such amount being the **Minimum Annual Distribution**.

(b) Subject to and to the extent permitted by any relevant statute and applicable law, any mandatory debt repayment requirements of the Group and compliance with any debt covenants of the Group or the terms of any subordination undertakings given by a Group Company under any Financing Documents, or replacement or new finance documents entered into by the Group from time to time, the Company shall and the Shareholders shall procure that each other Group Company (other than the Company) distributes the highest possible Dividend, shareholder loan repayment or otherwise transfers funds as are necessary in each calendar year to facilitate the payment of the Minimum Annual Distribution by the Company in accordance with and subject to the provisions of paragraph (a) above.

11. INFORMATION RIGHTS

11.1 Accounts, periodic reporting and other information

(a) The Company shall:

(i) maintain accurate and complete accounting and other financial records in accordance with all applicable laws; and

(ii) provide such financial accounts, reports and information to the Shareholders as the Shareholders may reasonably request for the purposes of the Shareholders group's legal, regulatory or other internal requirements from time to time.

(b) The consolidated financial accounts of the Group shall be prepared in accordance with the Accounting Standards and the Basis of preparation of the consolidated financial statements. For the avoidance of doubt, the individual financial accounts of the Company shall not be required to be prepared in accordance with the accounting policies adopted for the consolidated financial statements and shall be prepared in accordance with appropriate accounting policies as determined by the Board.

(c) To the extent necessary to comply with regulatory requirements and at the request of a Shareholder, the Company shall prepare consolidated financial accounts in accordance with the required accounting standards and have them audited in accordance with the required auditing standards in a time period necessary to meet such regulatory requirements (including, without limitation, audit requirements) within a reasonable period of time following such request. For the avoidance of doubt, these requirements will not affect the consolidated financial accounts of the Group referred to in (b) above.

11.2 Access to Group Company books, records and other information

Subject to clauses 9 and 11.3, the Company shall give each Major Shareholder and each Director (without prejudice to any rights they may have under applicable law) reasonable access on reasonable notice to:

(a) inspect the assets of each Group Company;

(b) inspect and take copies of documents relating to any Group Company, including the statutory registers and all accounting and other financial records; and

(c) discuss the affairs, finances and accounts of each Group Company with the relevant responsible officer, any person who reports directly to that officer and the auditor of the relevant Group Company.

11.3 Exceptions to Shareholder access rights

Nothing in clause 11.2 requires the Company to give any person access to information if to do so would, in the reasonable opinion of any Major Shareholder or of the Board:

(a) constitute a breach by any Group Company of any obligation of confidentiality owed to a third party or imposed by law provided that the Company shall use its best efforts to permit disclosure of such information; or

(b) materially disrupt, or have a material adverse effect on, the business or operations of any Group Company.

11.4 Disclosure of information

Subject to all applicable laws, a Director is entitled to pass information concerning any Group Company to his Appointer or any of his Appointer's Affiliates or Representatives who need to know that information for the proper performance of their duties, so long as each recipient keeps that information confidential in accordance with clause 25.

12. COMPLIANCE

The Company shall take all reasonable steps to obtain, and shall comply in all material respects with the terms of, all governmental and other licences and consents necessary for the conduct of its business.

13. FUNDING AND ISSUES OF SECURITIES

13.1 No obligation to provide funding or security

Other than the obligations of each Shareholder to subscribe for the Shares in accordance with the Contribution and Framework Agreement, no Shareholder is obliged to:

(a) contribute any funds (whether in the form of debt or equity) to any Group Company; or

(b) give any security or provide any guarantee on behalf or for the benefit of any Group Company.

13.2 Permitted issues

(a) The Company shall not issue any Securities (and the Company shall procure that no Group Company shall issue any Securities other than issues of Securities by one Wholly Owned Subsidiary to another Wholly Owned Subsidiary) unless the issue has received Shareholder Approval.

(b) Following Shareholder Approval in accordance with paragraph (a) above, the Company shall (and shall procure that any Group Company shall) issue Shares in accordance with clause 13.3 and the Articles.

13.3 Pre-emption on issue

(a) Rights offer notice

If the Company proposes to issue any Shares (and, following a Trigger Event only in the case of an issue of Shares for cash) (the **Offer**), it must first give written notice to each of its Shareholders (an **Offer Notice**) as soon as reasonably practicable after Shareholder Approval for that Offer is given, inviting the Shareholders to subscribe for those Shares. An Offer Notice shall:

(i) specify the aggregate number of Shares the Company proposes to offer for subscription (the **Offer Shares**), the issue price per Share (the **Offer Price**) and any other terms and conditions of the Offer (the **Offer Terms**);

(ii) state that, subject to the provisions of this deed, each Shareholder is entitled to subscribe for its Equity Proportion of the total number of Offer Shares at the Offer Price and on the Offer Terms (**Rights Entitlement**);

(iii) confirm the number of Offer Shares in the Shareholder's Rights Entitlement;

(iv) specify the period for which the Offer is open, which must be at least ten Business Days (the **Offer Period**);

(v) state that the Shareholder may apply for more Offer Shares than its Rights Entitlement and will be liable to subscribe for up to the number of Offer Shares applied for if the other Shareholders do not take up their full Rights Entitlement;

(vi) invite the Shareholder to apply for Offer Shares by giving written notice to the Company no later than 5.00 pm on the last day of the Offer Period, stating the number of Offer Shares for which the Shareholder wishes to subscribe (which may be greater than, equal to or less than the Shareholder's Rights Entitlement); and

(vii) not be revoked unless otherwise decided by the Board or otherwise in accordance with clause 13.3(e) below (provided that upon a Trigger Event occurring paragraph (e) below shall not apply).

(b) Allocation of Offer Shares

(i) Each Shareholder that applies for Offer Shares in accordance with the provisions of clause 13.3(a) and the terms of the Offer Notice (a **Subscribing Shareholder**) shall be issued the number of Offer Shares calculated under this clause 13.3(b).

(ii) If the total number of Offer Shares applied for by the Subscribing Shareholder(s) is equal to the total number of Offer Shares, the Company shall issue to each Subscribing Shareholder the number of Offer Shares that it applied for.

(iii) If the total number of Offer Shares applied for by the Subscribing Shareholder(s) is more than the total number of Offer Shares, the Company shall issue all of the Offer Shares to the Subscribing Shareholder(s), so far as practicable, in proportion to the number of Shares then held by them but so that no Subscribing Shareholder shall be issued more Offer Shares than it applied for.

(iv) A Shareholder that does not apply in writing for any Offer Shares within the Offer Period is not entitled to subscribe for any Offer Shares.

(c) Notice of outcome of the Offer

Within five Business Days after the end of the Offer Period, the Company shall give notice to each Subscribing Shareholder, specifying:

(i) the number of Offer Shares to be issued to that Subscribing Shareholder (the **Subscription Shares**) calculated under clause 13.3(b);

(ii) the subscription price (equal to the Offer Price multiplied by the number of Subscription Shares) payable by that Subscribing Shareholder for its Subscription Shares; and

(iii) the proposed date for completion of the issue of the Offer Shares, which shall be at least ten Business Days and no more than fifteen Business Days after expiry of the Offer Period (the **Offer Closing Date**).

(d) Closing of the Offer

On the Offer Closing Date:

(i) each Subscribing Shareholder shall pay to the Company the subscription price for its Subscription Shares;

(ii) subject to receiving the subscription price from each Subscribing Shareholder for its Subscription Shares, the Company shall call a general meeting of Shareholders (to be held in front of a Luxembourg notary) to issue to each Subscribing Shareholder its Subscription Shares; and

(iii) on issue of the Subscription Shares, the Company shall enter the name of each Subscribing Shareholder in the register of shareholders of the Company as holder of its Subscription Shares and provide a certified copy of such revised register of shareholders to each Subscribing Shareholder.

(e) Abandonment of the Offer

Where the Company makes an Offer in accordance with this clause 13 and not all of the Offer Shares offered under that Offer are to be issued to the Shareholders, then prior to the Offer Closing Date the Company shall:

(i) notify the Shareholders of any and all reasons that not all of the Offer Shares offered under the Offer are to be issued to the Shareholders; and

(ii) provide the Shareholders with 5 calendar days to rectify any non-compliance to allow the Offer Shares to be issued; and

(iii) subject to paragraph (ii) above, if not all of the Offer Shares offered under that Offer are to be issued to the Shareholders, abandon the Offer with the consequence that the Offer shall be revoked with no further force or effect.

14. RESTRICTIONS ON DISPOSAL

14.1 General restrictions

Each Shareholder:

(a) acknowledges and agrees that the purpose of this clause 14 and clause 15 is to maintain the closely held nature of the Company by restricting the way in which Shareholders may Dispose of their Stapled Interests (whether directly or indirectly) and giving Shareholders an opportunity to buy any Stapled Interests offered for sale before those Stapled Interests are offered to any party who is not a party to this deed;

(b) undertakes not to Dispose, directly or indirectly, of their Stapled Interests, and each of the VIP Guarantor and HET Guarantor undertakes to procure that no Indirect Transfer is made, in each case, other than in accordance with clause 14.2, 14.3 or 14.4;

(c) shall not enter into any arrangement, structuring device or other transaction which is designed, directly or indirectly, to avoid or erode the effectiveness of provisions of this clause 14 or is otherwise inconsistent with the purpose of this clause 14; and

(d) shall not enter into any arrangement, structuring device or otherwise to Dispose of any of its Stapled Interests without further Disposing of the remaining Stapled Interests which they hold at the same time in accordance with this deed, provided that it may transfer its entire shareholding in the Company to a Permitted Transferee and/or its entire shareholding in FinCo to the same or a different Permitted Transferee, subject to the terms set out in clause 14.2.

14.2 Restrictions on Direct Disposal of Stapled Interests

(a) Prior to the twelve month anniversary of the Effective Date, subject to clauses 14.1 and 16, a Shareholder may only transfer all Stapled Interests:

(i) to a Permitted Transferee where such transfer does not trigger a default or change of control under the Financing Documents (where default and change of control shall have the meanings given in the relevant Financing Document) and the Permitted Transferee first executes and delivers to the Company and the remaining Shareholders a Deed of Adherence; or

(ii) with the prior written consent of each Major Shareholder (in its absolute discretion) and any transferee first executes and delivers to the Company and the remaining Shareholders a Deed of Adherence.

(b) On or after the twelve month anniversary of the Effective Date (or the third anniversary of the Effective Date in the case of clause 19), subject to clauses 14.1 and 16, a Shareholder may only transfer any or all of its Stapled Interests:

(i) to one or more Permitted Transferees where such transfer does not trigger a default or change of control under the Financing Documents (where default and change of control shall have the meanings given in the relevant Financing Document) and each Permitted Transferee first executes and delivers to the Company and the remaining Shareholders a Deed of Adherence; or

(ii) with the prior written consent of each Major Shareholder (in its absolute discretion) and any transferee first executes and delivers to the Company and the remaining Shareholders a Deed of Adherence; or

(iii) in accordance with clause 15 and the Qualifying Third Party ROFO Purchaser and any nominee transferee in accordance with clause 15.10 first executes and delivers to the Company and the remaining Shareholders a Deed of Adherence; or

(iv) in accordance with clause 19.

14.3 Restrictions on Indirect Disposal of Stapled Interests

Except with the consent of the other Major Shareholder (in its absolute discretion), each of the VIP Guarantor and HET Guarantor shall procure that no Indirect Transfer is made (or Encumbrance any term of which may result in an Indirect Transfer is granted) unless such Indirect Transfer (or Encumbrance) does not (or could not on enforcement of such Encumbrance) give rise to a Change of Control.

14.4 Retransfer by Permitted Transferee

If a Shareholder holding Stapled Interests transferred to it under clause 14.2(a)(i) or 14.2(b)(i) or this clause 14.4 is about to cease or ceases to be a Permitted Transferee of the transferor that transferred those Stapled Interests to that Shareholder, it shall immediately transfer all of its Stapled Interests back to that transferor or to another Permitted Transferee of that transferor provided that such Permitted Transferee first executes and delivers to the Company and the remaining Shareholders a Deed of Adherence.

14.5 Consequence of breach of Restrictions on Disposal

(a) If a Shareholder (a **Defaulting Shareholder**) Disposes of any Stapled Interests to a third party (a **Defaulting Transferee**) in a manner not permitted by this clause 14 then (without prejudice to the any other rights of the Non-Defaulting Shareholder (including as set out in clause 14.5(c) below)):

(i) the Defaulting Shareholder shall procure that the Defaulting Transferee immediately transfers all of its Stapled Interests back to the Defaulting Shareholder to the reasonable satisfaction of the other Shareholder(s) and the Defaulting Shareholder shall immediately notify the other Shareholder(s) following such transfer of (i) the date of the transfer and/or remedial actions; and (ii) the price of the Disposal of the Stapled Interests by the Defaulting Shareholder to the Defaulting Transferee (the **Breach Notice**);

(ii) if the Defaulting Shareholder fails to procure the transfer of all its Stapled Interests back from the Defaulting Transferee in accordance with paragraph (i), those Stapled Interests not transferred back to the Defaulting Shareholder in breach shall not be entitled to benefit from any dividend entitlements (and the Non-Defaulting Shareholder shall therefore be entitled to benefit from 100% of any dividend entitlements relating to those Stapled Interests), the Defaulting Transferee shall attend all meetings of Shareholders of the Company in Luxembourg and vote, as shareholder of the Company, as directed in writing by the Non-Defaulting Shareholder, and neither the Defaulting Shareholder nor the Defaulting Transferee shall be a Major Shareholder for the purposes of this deed, their approval shall not be required pursuant to clause 8.1 and rights to appoint or propose the appointment of Directors or the Chairman or chairman of any Board committee and vote at Board meetings (including any Casting Vote in accordance with clause 5.6(b)) shall cease (provided that once the Stapled Interests are transferred back from the Defaulting Transferee to the Defaulting Shareholder in accordance with paragraph (i), such rights and benefits of the Defaulting Shareholder referred to in this paragraph (ii) shall be reinstated); and

(iii) each Shareholder that is not the Defaulting Shareholder (a **Non-Defaulting Shareholder**) may, within 20 Business Days of: (A) being served a Breach Notice (in accordance with clause 14.5(a)(i)) that is not remedied in accordance with paragraph (i); or (B) becoming aware of a breach of this clause 14 that is not remedied in accordance with paragraph (i), provide a notice to the Defaulting Shareholder stating that it wishes to exercise its rights pursuant to paragraph (c) (the **Breach Exercise Notice**). If more than one Non-Defaulting Shareholder provides a Breach Exercise Notice, those Non-Defaulting Shareholders shall split the acquired Stapled Interests pro-rata to the number of Shares that each holds.

(b) If the VIP Guarantor or the HET Guarantor (as applicable) (a **Defaulting Guarantor**) fails to prevent an Indirect Transfer being made in breach of clause 14.3 then (without prejudice to any other rights of any party, and for the purposes of this clause, the VIP Guarantor or the HET Guarantor which is not the Defaulting Guarantor shall be the **Non-Defaulting Guarantor**):

(i) the Defaulting Guarantor shall procure that such actions are taken to remedy the breach of clause 14.3 to the reasonable satisfaction of the Non-Defaulting Guarantor and the Defaulting Guarantor shall immediately notify the Non-Defaulting Guarantor following such transfer of (i) the date of the transfer and/or remedial actions; and (ii) the terms of the transactions that resulted in a breach of clause 14.3 (the **Guarantor Breach Notice**);

(ii) if the Defaulting Guarantor fails to remedy the breach of clause 14.3 in accordance with paragraph (i), those Stapled Interests held by the Shareholder(s) to whom the Defaulting Guarantor is the Ultimate Beneficial Shareholder (the **Indirect Defaulting Shareholder**) shall not be entitled to benefit from any dividend entitlements (and the other Shareholder(s) shall therefore be entitled to benefit from 100% of any dividend entitlements relating to the Stapled Interests of the Indirect Defaulting Shareholder), the Indirect Defaulting Shareholder shall attend all meetings of Shareholders of the Company in Luxembourg and vote, as shareholder of the Company, as directed in writing by the Shareholder whose Ultimate Beneficial Shareholder is the Non-Defaulting Guarantor, and the Indirect Defaulting

Shareholder shall not be a Major Shareholder for the purposes of this deed, its approval shall not be required pursuant to clause 8.1 and rights to appoint or propose the appointment of Directors or the Chairman or chairman of any Board committee and vote at Board meetings (including any Casting Vote in accordance with clause 5.6(b)) shall cease (provided that once the breach of clause 14.3 is remedied in accordance with paragraph (i), such rights and benefits of the Indirect Defaulting Shareholder referred to in this paragraph (ii) shall be reinstated); and

(iii) the Non-Defaulting Guarantor may, within 20 Business Days of: (A) being served a Guarantor Breach Notice (in accordance with clause 14.5(b)(i)) that is not remedied in accordance with paragraph (i); or (B) becoming aware of a breach of this clause 14 that is not remedied in accordance with paragraph (i), provide a notice to the Defaulting Guarantor stating that it wishes to exercise its rights pursuant to paragraph (c) (the **Guarantor Breach Exercise Notice**).

(c) If a Breach Exercise Notice has been served by a Non-Defaulting Shareholder or a Guarantor Breach Exercise Notice has been served by a Non-Defaulting Guarantor in relation to a breach of this clause 14 that constitutes a material breach:

(i) the parties undertake to procure that steps are taken within 10 Business Days from the date the Defaulting Shareholder receives a Breach Exercise Notice or the Defaulting Guarantor receives a Guarantor Breach Exercise Notice (as applicable), to calculate the Fair Market Value; and

(ii) within 10 Business Days of the calculation of the Fair Market Value, the Defaulting Shareholder shall sell (or the Defaulting Guarantor shall procure that the Indirect Defaulting Shareholder shall sell) to any Non-Defaulting Shareholder(s) who have provided a Breach Exercise Notice or the Non-Defaulting Guarantor who has provided a Guarantor Breach Exercise Notice all (and not only some of) such Stapled Interests at a price (which must be payable in cash) which is the lower of (A) a 15 per cent. discount to the price at which the Defaulting Shareholder Disposed of its Stapled Interests to the Defaulting Transferee and (B) a 15 per cent. discount to the Fair Market Value, such price being the parties' best estimate of the likely Loss suffered by the Non-Defaulting Shareholder or a Non-Defaulting Guarantor in relation to a material breach in accordance with this clause 14.5; and

(iii) the provisions of clause 19.6 shall apply *mutatis mutandis* to such sale with the Buy-Sell Completion Shares being interpreted as all of the Stapled Interests of the Defaulting Shareholder or the Indirect Defaulting Shareholder (as the case may be) save that paragraph 19.6(g) shall not apply but instead any Non-Defaulting Shareholder(s) who have provided a Breach Exercise Notice or the Non-Defaulting Guarantor who has provided a Guarantor Breach Exercise Notice (as the case may be) shall use its reasonable endeavours to procure the filing of any applicable notifications and submissions with relevant regulatory authorities associated with any regulatory approvals as soon as is reasonably practicable but shall not be required to accept any undertakings or agree to any conditions to obtain any necessary regulatory approvals if it regards such undertakings or conditions as unreasonable.

14.6 Monitoring of transfers and issues

(a) So far as possible, any purported Disposal of Stapled Interests (including Indirect Transfers) or issue of any Shares which is not in accordance with this deed, the Articles and applicable Law shall be void and the Company shall, so far as it is legally able, procure that (and the

Shareholders shall, so far as they are legally able, exercise their rights in relation to the Company to procure that) the relevant member of the Group shall refuse to register such transfer or issue.

(b) The Company shall, so far as it is legally able, procure that (and the Shareholders shall, so far as they are legally able, exercise their rights in relation to the Company to procure that) any transfer of Stapled Interests (including Indirect Transfers) or issue of Shares made pursuant to and in compliance with this deed is duly registered and given effect to by each relevant member of the Group.

(c) To enable the Company and the Shareholders to determine whether or not:

(i) there has been any Disposal of Stapled Interests (including Indirect Transfers) or issue of Shares, or purported Disposal of Stapled Interests (including Indirect Transfers) or issue of Shares, in breach of this deed or the Articles; or

(ii) any holder of Stapled Interests may be obliged to make a transfer of any Stapled Interests in accordance with this deed or the Articles,

the Company shall be entitled (and shall be required to do so, if so requested by any Shareholder) to require any Shareholder or other person to provide to the Company such information and evidence as the Company may think fit to evidence whether the alleged breach or circumstances giving rise to any obligation to make any transfer has taken place or arisen or is likely to take place or arise. Until such information has been provided, except in the case of Indirect Transfers, the Company shall, so far as it is legally able, be entitled to procure that (and the Shareholders shall, so far as they are legally able, exercise their rights in relation to the Company to procure that) the Directors refuse to register any relevant transfer or issue.

14.7 Payment of Outstanding Claim Amounts on transfer of Stapled Interests

If at any time there is a Disposal (other than to a Permitted Transferee) of any Stapled Interests by a Shareholder that owes any Outstanding Claim Amounts;

(a) the Shareholder which made the Disposal shall in reduction of any Outstanding Claim Amounts owed by it (or by the original transferor from which it directly or indirectly acquired the Stapled Interests, being HET or VIP (as applicable)), pay to the other Shareholder the lesser of (A) an amount equal to 50 per cent. of the gross proceeds of such Disposal and (ii) the amount of any Outstanding Claim Amounts owed by that Shareholder; and

(b) if, as a result of any such Disposal a Shareholder ceases to hold at least 10 per cent. of the issued Shares of the Company, that Shareholder shall pay (or procure payment by the original transferor from which it directly or indirectly acquired the Stapled Interests, being HET or VIP (as applicable)) to the other Shareholder all Outstanding Claim Amounts.

15. RIGHT OF FIRST OFFER

15.1 If at any time on or after the twelve month anniversary of the Effective Date a Major Shareholder wishes to sell any of its Stapled Interests (the **ROFO Shares**) other than in accordance with clause 14.2(b)(i), clause 14.2(b)(ii), clause 14.4 or clause 19, that Shareholder (a **Selling Shareholder**) shall first serve written notice on the other Shareholder (the **Rights Shareholder**), a copy of which shall be served on the Company and FinCo at the same time as the notice is given to the Rights Shareholder (a **ROFO Notice**). A ROFO Notice shall state that the Selling Shareholder wishes to sell the ROFO Shares and shall set out:

(a) the number and class (as the case may be) of the ROFO Shares (pro rata between the number of ROFO Shares in the Company and in FinCo); and

(b) a cash price in Euros payable on completion of the purchase and not on deferred terms (the **ROFO Share Price**), specified both as: (i) a total aggregate price for all of the ROFO Shares (the **Aggregate ROFO Share Price**); and (ii) a price per individual ROFO Share (calculated by dividing the Aggregate ROFO Share Price by the number of ROFO Shares) (the **Individual ROFO Share Price**).

15.2 Subject to the remaining provisions of this clause 15, upon receipt of the ROFO Notice, the Rights Shareholder has the right to purchase itself and/or nominate another person to purchase at the Individual ROFO Share Price any or all of the ROFO Shares (pro rata between the number of ROFO Shares in the Company and in FinCo), such election to be notified by that Rights Shareholder serving a written notice on the Selling Shareholder (a **ROFO Response Notice**) within 60 calendar days of receipt of the ROFO Notice (the **ROFO Offer Period**).

15.3 If a Rights Shareholder serves within the ROFO Offer Period a ROFO Response Notice electing to purchase itself and/or nominate another person to purchase all of the ROFO Shares at the Aggregate ROFO Share Price (an **All-Share ROFO Response Notice**), the All-Share ROFO Response Notice shall be irrevocable except with the consent of the Selling Shareholder and:

(a) include any necessary regulatory conditions to the purchase required by applicable law;

(b) set out the proposed time, date and place for completion of the sale and purchase of the ROFO Shares, such date to be not later than 10 Business Days after the date upon which all necessary regulatory approvals required by applicable law are obtained for the purchase of the ROFO Shares (the **All-Share ROFO Completion Date**) provided that completion shall take place by no later than six months from the date upon which the All-Share ROFO Response Notice is given; and

(c) attach an on demand letter of credit (or equivalent) from one or more Relevant Financial Institution(s) confirming that such Relevant Financial Institution(s) will irrevocably and unconditionally pay an amount equal to the Aggregate ROFO Share Price to complete the acquisition of all the ROFO Shares in accordance with this clause 15 and be legally and irrevocably obliged to pay the Aggregate ROFO Share Price in the event that the Rights Shareholder does not pay in accordance with the provisions of this clause 15 and such letter of credit (or equivalent) shall not expire prior to the All-Share ROFO Completion Date.

If a Rights Shareholder serves an All-Share ROFO Response Notice, the Rights Shareholder shall use its reasonable endeavours to ensure that any and all regulatory approvals necessary for completion of the acquisition of the ROFO Shares under clause 15.4 are obtained as soon as is reasonably practicable and in any case within the time period set out in paragraph (b) above provided that, for the avoidance of doubt, the Rights Shareholder shall procure the filing of any applicable notifications and submissions with relevant regulatory authorities associated with any regulatory approvals as soon as is reasonably practicable but shall not be required to accept any undertakings or agree to any conditions to obtain any necessary regulatory approvals if it regards such undertakings or conditions as unreasonable.

15.4 On the All-Share ROFO Completion Date, (a) the Rights Shareholder shall pay the Aggregate ROFO Share Price, (b) the Selling Shareholder shall deliver duly executed transfer instruments in respect of the ROFO Shares to the Rights Shareholder or such other person as it may have nominated in the

All-Share ROFO Response Notice, (c) the Selling Shareholder shall pay any Outstanding Claim Amount in accordance with clause 14.7, (d) the Selling Shareholder shall deliver to the Company and FinCo (as applicable) the certificates representing all of the ROFO Shares (if there are any certificates), and (e) full ownership of the ROFO Shares shall transfer from the Selling Shareholder to the Rights Shareholder or such other person as it may have nominated in the All-Share ROFO Response Notice and the Company and FinCo (as applicable) shall update its register(s) accordingly and provide the Rights Shareholder or such other person as it may have nominated in the All-Share ROFO Response Notice with a certified copy of the updated register of members.

15.5 If a Rights Shareholder:

(a) serves within the ROFO Offer Period a ROFO Response Notice electing to purchase none of the ROFO Shares (a **No-Share ROFO Response Notice**); or

(b) serves within the ROFO Offer Period a ROFO Response Notice electing to purchase itself and/or nominate another person to purchase some but not all of the ROFO Shares (pro rata between the number of ROFO Shares in the Company and in FinCo) (the **Partial ROFO Shares**) at the Individual ROFO Share Price (the total price for such ROFO Shares being the **Aggregate Partial-Share Purchase Price**) (a **Partial-Share ROFO Response Notice**); or

(c) does not serve a ROFO Response Notice within the ROFO Offer Period,

then (in the event of paragraph (b) above) the Selling Shareholder shall complete the sale of the Partial ROFO Shares in accordance with clauses 15.10 and 15.11 and (in all events) the Selling Shareholder shall:

(i) be entitled to request from the Company, and the Shareholders shall procure that the Company complies with such request, at the sole cost of the Selling Shareholder, that such Group financial and due diligence information (excluding, for the avoidance of doubt, any legally privileged or commercially sensitive information or information which, if disclosed, would result in any member of the Group breaching any applicable competition or other laws or any of its commercial arrangements with any third party) reasonably required by the Selling Shareholder in order to obtain an offer to purchase: (A) the ROFO Shares (in the event of paragraphs (a) or (c)); or (B) the ROFO Shares other than the Partial ROFO Shares (the **Remaining ROFO Shares**) (in the event of paragraph (b)), (the **Company Information**) from any prospective third party purchaser(s) that is not a member of the Wholly Owned Group of any Shareholder (the **Qualifying Third Party ROFO Purchaser**) is made available to the Qualifying Third Party ROFO Purchaser(s) via an electronic data room;

(ii) disclose the identity of any Qualifying Third Party ROFO Purchaser(s) to the Company and the Rights Shareholder prior to disclosure of any Company Information to any Qualifying Third Party ROFO Purchaser and, if the Selling Shareholder is proposing to sell its entire 50 per cent. holding of Stapled Interests, obtain the consent of the other Shareholder to proceed with the disclosure of Company Information (such consent not to be unreasonably withheld or delayed); and

(iii) upon receiving Shareholder consent in compliance with paragraph (ii) above (if required), and subject to such Qualifying Third Party ROFO Purchaser(s) entering into confidentiality undertakings with the Company and with the Selling Shareholder on terms that give at least the same level of protection for that information as clause 25 or on such other terms as the Company approves, acting

reasonably, the Company shall disclose the Company Information to the Qualifying Third Party ROFO Purchaser(s) pursuant to this clause 15.5 in an electronic data room. For the avoidance of doubt, this clause 15.5 does not permit the Selling Shareholder to disclose information relating to another Shareholder or its Affiliates other than the identity of a Shareholder and its Equity Proportion or information that is in the public domain.

15.6 Upon receiving a bona fide offer from a Qualifying Third Party ROFO Purchaser to purchase all (and not only some) of the ROFO Shares (pro rata between the number of ROFO Shares in the Company and in FinCo) (in the event of clause 15.5(a) or 15.5(c)) for the Aggregate ROFO Share Price or at a higher price, the Selling Shareholder shall promptly serve written notice on the Rights Shareholder, a copy of which shall be served on the Company and FinCo at the same time as the notice is given to the Rights Shareholder (a **Third Party All-Share Sale Notice**). A Third Party All-Share Sale Notice shall state that the Selling Shareholder wishes to sell all of the ROFO Shares and shall set out:

(a) the identity of the Qualifying Third Party ROFO Purchaser;

(b) the price at which all the ROFO Shares are to be sold and all other material terms of the proposed offer;

(c) reasonable details of the financing sources and/or financial resources available to the Qualifying Third Party ROFO Purchaser to satisfy its obligations to purchase the ROFO Shares; and

(d) any necessary regulatory conditions to the purchase required by applicable law.

15.7 Following service of the Third Party All-Share Sale Notice, subject to the consent of the Rights Shareholder as to the transfer of the ROFO Shares to the Qualifying Third Party ROFO Purchaser (such consent not to be unreasonably withheld or delayed) if the Selling Shareholder is proposing to sell its entire 50 per cent. holding of Stapled Interests, the Selling Shareholder may, subject to clause 15.12, transfer all (and not only some) of the ROFO Shares to the Qualifying Third Party ROFO Purchaser at the Aggregate ROFO Share Price or a higher price (but, for the avoidance of doubt, not at a lower price). Any transfer of ROFO Shares to a Qualifying Third Party ROFO Purchaser in accordance with this clause 15.7 shall be: (a) subject to entry into definitive sale documentation with the Qualifying Third Party ROFO Purchaser no later than forty five Business Days from the service of a No-Share ROFO Response Notice by the Rights Shareholder (in accordance with clause 15.5(a)) or the expiry of the ROFO Offer Period (in accordance with clause 15.5(c)) (as applicable), whichever is the earlier; and (b) completed by no later than twelve months from receipt of the earlier of the No-Share ROFO Response Notice by the Rights Shareholder or the expiry of the ROFO Offer Period. The Selling Shareholder shall use its reasonable endeavours to procure that any and all regulatory approvals necessary for completion of the sale of the ROFO Shares under this paragraph 15.7 are obtained as soon as is reasonably practicable and in any case within the time period set out in this clause 15.7 provided that, for the avoidance of doubt, the Selling Shareholder shall use its reasonable endeavours to procure the filing of any applicable notifications and submissions with relevant regulatory authorities associated with any regulatory approvals as soon as is reasonably practicable and, to the extent necessary, the Rights Shareholder shall not be required to accept any undertakings or agree to any conditions to obtain any necessary regulatory approvals if it regards such undertakings or conditions as unreasonable.

15.8 Upon receiving a bona fide offer from a Qualifying Third Party ROFO Purchaser to purchase the Remaining ROFO Shares (in the event of clause 15.5(b)) at the Individual ROFO Share Price or a higher price (the total price for such ROFO Shares being the **Aggregate Remaining Share Purchase Price**), the Selling Shareholder shall promptly serve written notice on the Rights

Shareholder, a copy of which shall be served on the Company and FinCo at the same time as the notice is given to the Rights Shareholder (a **Third Party Remaining-Share Sale Notice**). A Third Party Remaining-Share Sale Notice shall state that the Selling Shareholder wishes to sell the Remaining ROFO Shares and shall set out:

(a) the identity of the Qualifying Third Party ROFO Purchaser;

(b) the price at which all the ROFO Shares are to be sold and all other material terms of the proposed offer;

(c) reasonable details of the financing sources and/or financial resources available to the Qualifying Third Party ROFO Purchaser to satisfy its obligations to purchase the Remaining ROFO Shares; and

(d) any necessary regulatory conditions to the purchase required by applicable law.

15.9 Following service of the Third Party Remaining-Share Sale Notice, the Selling Shareholder may subject to clauses 15.9 to 15.12, transfer all (and not only some) of the Remaining ROFO Shares to the Qualifying Third Party ROFO Purchaser at the Aggregate Remaining Share Purchase Price or a higher price (but, for the avoidance of doubt, not at a lower price). Any transfer of Remaining ROFO Shares to a Qualifying Third Party ROFO Purchaser in accordance with this clause 15.9 shall be: (a) subject to entry into definitive sale documentation with the Qualifying Third Party ROFO Purchaser no later than forty-five Business days from the service of a Partial-Share ROFO Response Notice by the Rights Shareholder; and (b) completed no later than twelve months from receipt of the Partial-Share ROFO Response Notice. The Selling Shareholder shall use its reasonable endeavours to procure that any and all regulatory approvals necessary for completion of the sale of the ROFO Shares under this clause 15.9 are obtained as soon as is reasonably practicable and in any case within the time period set out in this clause 15.9 provided that, for the avoidance of doubt, both the Selling Shareholder and Rights Shareholder shall use all reasonable endeavours to procure the filing of any applicable notifications and submissions with relevant regulatory authorities associated with any regulatory approvals as soon as is reasonably practicable and the Rights Shareholder shall not be required to accept any undertakings or agree to any conditions to obtain any necessary regulatory approvals if it regards such undertakings or conditions as unreasonable.

15.10 Completion of: (a) the transfer of the Partial ROFO Shares to the Rights Shareholder or such other person as it may have nominated in the Partial-Share ROFO Response Notice in consideration for the payment of the Aggregate Partial-Share Purchase Price to the Selling Shareholder, (b) the transfer of all of the Remaining ROFO Shares to the Qualifying Third Party ROFO Purchaser at the Aggregate Remaining Share Purchase Price or a higher price, pursuant to clause 15.9, and (c) the payment to any Outstanding Claim Amounts in accordance with clause 14.7 shall occur simultaneously and, for the avoidance of doubt, neither transfer shall proceed unless the other transfer also proceeds.

15.11 If the Rights Shareholder or any other person nominated in the Partial-Share ROFO Response Notice fails to obtain any necessary regulatory approvals or pay the Aggregate Partial-Share Purchase Price once the Rights Shareholder has served a Partial-Share ROFO Response Notice and completion of the sale and purchase of the Partial ROFO Shares is otherwise due to be completed in accordance with clause 15.10, the Selling Shareholder may proceed to sell all (and not only some) of the ROFO Shares to the Qualifying Third Party ROFO Purchaser at the Aggregate ROFO Share Price or a higher price. If the Qualifying Third Party ROFO Purchaser fails to obtain any necessary regulatory approvals or pay the Aggregate Remaining Share Purchase Price and completion of the sale and purchase of the Remaining ROFO Shares does not occur in accordance with clause 15.10, then completion of the transfer of the Partial ROFO Shares to the Rights Shareholder or any other person nominated in the Partial-Share ROFO Response Notice shall also not occur.

15.12 Compliance

Before the Selling Shareholder transfers any ROFO Shares to the Qualifying Third Party ROFO Purchaser, unless the Shareholders agree otherwise, the Selling Shareholder must cause the Qualifying Third Party ROFO Purchaser to provide the following unqualified representations and undertakings:

(a) it is not a Government Official, as such term is defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended (the **FCPA**); and

(b) neither it nor any person whom it has nominated to accept the ROFO Shares is subject to any action, proceeding, suit or formal investigation by any governmental authority with regards to any actual or alleged violation of any anti-corruption or anti-bribery laws, regulations or binding guidelines, including the FCPA and the UK Bribery Act 2010 (collectively, **Anti-Corruption Laws**).

15.13 ROFO Notice may not be served during Buy-Sell process

No Shareholder may serve a ROFO Notice and no ROFO Notice will be deemed to have been served (a) during any Cooling-Off Period or during the 30 calendar days following the Cooling-Off Period in accordance with clause 19.1(b), or (b) following the service of a valid Buy-Sell Notice in accordance with clause 19.

15.14 Competing ROFO Notices

If both Shareholders serve a ROFO Notice, the ROFO Notice which is deemed (in accordance with clause 28) to have been served first in time (the **First ROFO Notice**) will constitute the ROFO Notice for the purpose of this clause 15, and the other purported ROFO Notice shall have no force or effect and no other ROFO Notice shall be capable of having force or effect until the Rights Shareholder (i) serves a No-Share ROFO Response Notice within the ROFO Offer Period (in relation to the First ROFO Notice); or (ii) does not serve a ROFO Response Notice within the ROFO Offer Period (in relation to the First ROFO Notice).

15.15 Irrevocability of notices under this clause 15

Each notice given under this clause 15 shall be irrevocable except with the consent of the other parties on whom such notice is served.

16. GENERAL PROVISIONS RELATING TO ISSUE AND TRANSFER OF SHARES

16.1 Registration of issues and transfers of Shares

The Company shall not issue any Shares or register the transfer of any Shares unless the issue or transfer is made in accordance with this deed.

16.2 Share register

Each certified copy of the register of shareholders of the Company shall include a statement that:

“Transfer and disposal of shares in the Company are subject to the restrictions contained in the Shareholders’ Deed relating to the Company dated 6 August 2015 and the articles of the Company.”

17. WARRANTIES

Each party warrants to each other party on the date of this deed that each of the following statements is true, accurate and not misleading:

(a) it is a corporation validly existing under the laws of the place of its incorporation;

(b) it has the power to execute and deliver, and to perform its obligations under, this deed to which it is or will be a party, and it has taken all necessary corporate action to authorise such execution and delivery and the performance of such obligations;

(c) its obligations under this deed are legal, valid, binding and enforceable in accordance with their terms;

(d) the execution and delivery by it of this deed and the performance of its obligations under it does not and will not conflict with or constitute a default under any provision of:

(i) any agreement or instrument to which it is a party;

(ii) its constitution (if any); or

(iii) any law, order, judgment, award, injunction, decree, rule or regulation by which it is bound; and

(e) no Insolvency Event has occurred in relation to it.

18. COMPLIANCE WITH LAW

18.1 All party obligations

Each party undertakes to each other party that:

(a) it will not take any action which would result in it, any other party or any member of the Group being in contravention of any law or regulation (including, without limitation, any applicable anti-bribery, anti-corruption, anti-money laundering, trade control laws or Economic Sanctions Laws);

(b) to the extent that it has not already done so, it will establish and at all times maintain in place adequate procedures designed to prevent any Representative or person who provides services to it from undertaking any conduct that would contravene or otherwise give rise to an offence being committed by it, any other party or the Group under any applicable anti-bribery and/or anti-corruption and/or money laundering laws (**Anti-Corruption Policies**);

(c) no action it undertakes in the exercise of its rights and performance obligations under this deed shall cause it, any other party or any member of the Group to be in contravention of any law or regulation (including, without limitation, any applicable anti-bribery, anti-corruption, anti-money laundering, trade control or Economic Sanctions Laws); and

(d) during any period in which it or any of its Affiliates becomes a Sanctioned Person, the exercise of such party's right to receive Dividends in respect of Shares held by it shall be suspended to the extent that such payment of Dividends would be prohibited by any applicable Economic Sanctions Laws, in which case any such Dividend which would otherwise have been payable to such party shall either (a) be held by the Company on behalf of such party (without any obligation to pay interest) until such time as the party's right to receive Dividends or any other distribution in respect of its Shares is no longer suspended in

accordance with this clause 18.1(d) or (b) on the request of the party entitled to payment of the Dividend be credited to a frozen (or blocked) account belonging to the relevant party if such frozen (or blocked) account is in compliance with applicable Economic Sanctions Laws.

18.2 Distributions

(a) The parties agree that the Company shall not be restricted or prevented from declaring or paying any Dividend or other fees to a Shareholder by reason only of:

(i) any other Shareholder or any of its Affiliates being a Sanctioned Person or being directly or indirectly owned or controlled by a Sanctioned Person;

(ii) a Sanctioned Person holding an interest in any other Shareholder; or

(iii) any other matter which does or may constrain the Company from making a payment to any other Shareholder.

(b) The parties agree that during any period in which a Shareholder or its Affiliates becomes a Sanctioned Person, any Director or Shareholder voting rights in respect of the Shares held by that Shareholder, its Affiliates or Directors nominated by it will be suspended in relation to any matters relating to the payment of Dividends including the ability to object to such Dividends in accordance with clause 8.1.

(c) The parties agree to take all action necessary to ensure that paragraphs (a) and (b) are enforceable including, without limitation, reflecting such clause in the Articles.

18.3 Company obligations

(a) The Company shall comply, and the Company shall procure that each Group Company complies, with its Anti-Corruption Policies and shall keep them under regular review in order to ensure that they continue to meet the requisite standard for adequate procedures.

(b) The Company may at any time, and shall within 20 Business Days of a reasonable request by a Shareholder, prepare draft amendments to the Anti-Corruption Policies which it shall submit to each Shareholder. Each Shareholder shall consider in good faith any draft amendments to the Anti-Corruption Policies submitted to it under this clause and shall in good faith take appropriate steps with a view to it and the other Shareholder agreeing revised Anti-Corruption Policies (with such amendments as it and the other Shareholder may agree) as soon as reasonably practicable.

(c) Nothing in this deed shall prevent the Company from complying with any applicable law (including any Economic Sanctions Law) to which it is or becomes subject.

19. BUY-SELL AGREEMENT

19.1 Buy-Sell

(a) Following the third anniversary of the Effective Date a Major Shareholder (the **First Shareholder**) may serve written notice by fax or email only (in accordance with clause 28) substantially in the form set out in Schedule 8 (a **Buy-Sell Notice**) on the other Major Shareholder (the **Second Shareholder**) in accordance with paragraph (b) below and the other provisions of this clause (including, without limitation, clause 19.5) offering to buy from the Second Shareholder all its Stapled Interests for the time being held by the Second Shareholder (the **Buy-Sell Sale Shares**) at a cash price in Euros payable on completion of the purchase and not on deferred terms (the **Buy-Sell Price**).

(b) Prior to serving a Buy-Sell Notice, the First Shareholder shall give written notice by fax or email only (in accordance with clause 28) to the Second Shareholder of its intention to serve a Buy-Sell Notice on the Second Shareholder (the **Pre-Notice**). During the 30 calendar days following service of the Pre-Notice (the **Cooling-Off Period**) individual principal representatives of the Major Shareholders (namely the Chairman from time to time of the Supervisory Board of the VIP Guarantor, currently being Mr. Alexey M. Reznikovich (the **VIP Representative**), and the Group Managing Director from time to time of the HET Guarantor, currently being Mr. Canning K.N. Fok (the **HET Representative**), or such other senior executive within each Major Shareholder's organisation as may be nominated for this purpose by the VIP Representative and / or the HET Representative, as the case may be, and notified in writing to the other Major Shareholder) shall meet in person in Luxembourg (unless the VIP Representative and the HET Representative have otherwise agreed in writing between them or one or both of the VIP Representative and the HET Representative give written notice declining to meet) and if the VIP Representative and the HET Representative (or their respective nominees) meet, use reasonable endeavours to resolve any differences or deadlocks that may have led the First Shareholder to form the intention and/or determine to issue a Buy-Sell Notice with the aim that, following such discussions, where possible, the First Shareholder will not serve a Buy-Sell Notice on the Second Shareholder following the Cooling-Off Period. Whether or not the VIP Representative and the HET Representative (or their respective nominees) meet, if the First Shareholder continues to intend to serve a Buy-Sell Notice on the Second Shareholder, it may only do so following the end of the Cooling-Off Period. If the First Shareholder does not serve a Buy-Sell Notice within 30 calendar days following the end of the Cooling-Off Period, the Pre-Notice shall lapse and the First Shareholder shall not be entitled to serve a Buy-Sell Notice on the Second Shareholder unless it first serves a new Pre-Notice on the Second Shareholder and complies with the foregoing provisions of this clause 19.1.

19.2 Competing Pre-Notices, Buy-Sell Notices or ROFO Notices

(a) If both Major Shareholders serve a Pre-Notice or a Buy-Sell Notice, the Pre-Notice or the Buy-Sell Notice which is deemed (in accordance with clause 28) to have been served first in time will constitute the Pre-Notice or the Buy-Sell Notice for the purpose of clause 19.1, and the other purported Pre-Notice shall have no force or effect and no other Pre-Notice shall be capable of being served until the Cooling-Off Period expires in accordance with clause 19.1.

(b) Neither a Pre-Notice nor a Buy-Sell Notice may be served pursuant to clause 19.1 if at that time a ROFO Notice has been served in accordance with clause 15.1 (and not revoked with the consent of the Rights Shareholder or lapsed in accordance with clause 15) and the sale of the ROFO Shares specified in the ROFO Notice (whether to the Rights Shareholder(s) and / or to one or more Qualifying Third Party ROFO Purchasers in accordance with clause 15) has not been completed in accordance with clause 15.

19.3 Acceptance of a Buy-Sell Notice

If, prior to the date that is 90 calendar days following the date of service of a Buy-Sell Notice:

(a) the Second Shareholder serves written notice on the First Shareholder accepting the offer from the First Shareholder to buy the Buy-Sell Shares from the Second Shareholder set out in the Buy-Sell Notice; or

(b) the Second Shareholder does not (A) accept the offer from the First Shareholder to buy the Buy-Sell Shares from the Second Shareholder set out in the Buy-Sell Notice in accordance with paragraph (a) above, or (B) serve written notice rejecting the offer to buy the Buy-Sell Shares from the Second Shareholder set out in the Buy-Sell Notice in accordance with clause 19.4, the Second Shareholder agrees that it shall be deemed to have accepted the offer from the First Shareholder to buy the Buy-Sell Shares from the Second Shareholder set out in the Buy-Sell Notice,

then:

(i) completion of the sale of the Buy-Sell Shares shall take place at the registered office of the First Shareholder at 12.00 noon on the date that is 90 calendar days following the date on which the Second Shareholder accepts the offer, or is deemed to have accepted the offer, in accordance with paragraphs (a) or (b) above, as the case may be, or, if earlier, 10 Business Days following the date upon which any necessary regulatory approvals are obtained by the First Shareholder; and

(ii) on completion of the sale by the Second Shareholder of the Buy-Sell Shares, the First Shareholder and the Second Shareholder shall comply with the provisions of clause 19.6.

19.4 Rejection of a Buy-Sell Notice

If, by notice in writing to the First Shareholder served prior to the date that is 90 calendar days following the date of service of a Buy-Sell Notice, the Second Shareholder rejects the offer set out in the Buy-Sell Notice from the First Shareholder to buy the Buy-Sell Shares from the Second Shareholder, in accordance with this clause 19.4, the Second Shareholder agrees it shall be deemed to confirm that it wishes to buy all of the Stapled Interests held by the First Shareholder (the **Reverse Buy-Sell Shares**) at the Buy-Sell Price, and:

(a) completion of the acquisition of the Reverse Buy-Sell Shares shall take place at the registered office of the Second Shareholder at 12.00 noon on the date that is 90 calendar days following the date on which the Second Shareholder rejects the offer in accordance with the preceding provisions of this clause 19.4 or, if earlier, 10 Business Days following the date upon which any necessary regulatory approvals are obtained by the Second Shareholder; and

(b) on completion of the sale by the First Shareholder of the Reverse Buy-Sell Shares, the First Shareholder and the Second Shareholder shall comply with the provisions of clause 19.6.

19.5 Valid Buy-Sell Notices or acceptances of an offer under this clause

(a) In order for the First Shareholder to serve on the Second Shareholder a valid Buy-Sell Notice to buy the Buy-Sell Shares from the Second Shareholder in accordance with clause 19.1 or for the Second Shareholder to validly reject the offer to sell the Buy-Sell Shares to the First Shareholder set out in the Buy-Sell Notice in accordance with clause 19.4 (as the case may be), the relevant Major Shareholder shall accompany either the Buy-Sell Notice or the written rejection of the offer in the Buy-Sell Notice (as the case may be) with an on demand letter of credit (or equivalent) from one or more Relevant Financial Institution(s) undertaking in favour of the Second Shareholder or the First Shareholder (as the case may be) that such Relevant Financial Institution(s) will irrevocably and unconditionally pay an amount equal to the purchase price to complete the acquisition of all the Buy-Sell Shares or of all the Reverse Buy-Sell Shares (as the case may be) on completion in accordance with this clause 19 and be legally and irrevocably obliged to pay all such purchase price to the

Second Shareholder or the First Shareholder (as the case may be) in the event that the First Shareholder or Second Shareholder (as the case may be) does not complete the acquisition of all the Buy-Sell Shares or all the Reverse Buy-Sell Shares (as the case may be) in accordance with the provisions of this clause 19 and such letter of credit shall not expire prior to the date that is 90 calendar days following the date on which the Second Shareholder either accepts the offer from the First Shareholder to buy the Buy-Sell Shares from the Second Shareholder set out in a Buy-Sell Notice, or is deemed to have accepted the offer, in accordance with clause 19.3, or rejects the offer set out in the Buy-Sell Notice from the First Shareholder to buy the Buy-Sell Shares from the Second Shareholder in accordance with clause 19.4, as the case may be.

(b) To the extent a Shareholder does not:

(i) in the case of the First Shareholder purporting to serve on the Second Shareholder a Buy-Sell Notice to buy the Buy-Sell Shares from the Second Shareholder, serve a valid Buy-Sell Notice in accordance with clauses 19.1, 19.2 and 19.5(a), then no Buy-Sell Notice shall be deemed to have been served on the Second Shareholder; and

(ii) in the case of the Second Shareholder purporting to reject an offer set out in the Buy-Sell Notice to sell the Buy-Sell Shares to the First Shareholder, serve a valid rejection of a Buy-Sell Notice in accordance with clauses 19.4 and 19.5(a), then the Second Shareholder agrees that it shall be deemed to have accepted the offer set out in the Buy-Sell Notice to sell the Buy-Sell Shares to the First Shareholder.

19.6 Completion of sale

On completion of a sale or acquisition of the Buy-Sell Shares or the Reverse Buy-Sell Shares (the **Buy-Sell Completion Shares**) in accordance with clauses 19.3(b)(i) or 19.4(a), as the case may be:

(a) the Major Shareholder obliged to sell the Buy-Sell Completion Shares (the **Seller**) shall sell and the Major Shareholder obliged to buy the Buy-Sell Completion Shares (the **Buyer**) shall buy the Buy-Sell Completion Shares at the Buy-Sell Price, free from all Encumbrances;

(b) the Seller shall deliver to the Company or FinCo (as applicable) the share certificates or other documents of title representing the Buy-Sell Completion Shares (if any);

(c) the Buyer shall pay the Seller the Buy-Sell Price for all of the Buy-Sell Completion Shares;

(d) the Seller shall pay to the Buyer, and the Buyer shall pay to the Seller, all outstanding amounts (including interest), if any, payable by the Seller or the Buyer (as applicable) to the other Shareholder pursuant to clauses 7.6(a)(ii), 7.6(b)(ii), 32.1(b), 32(2)(b) of, or paragraphs 4.4(a)(ii) and 4.4(b)(ii) of Part 1 of Schedule 10 to the Contribution and Framework Agreement (each an **Outstanding Claim Amount**);

(e) full ownership of the Buy-Sell Completion Shares shall transfer from the Seller to the Buyer, and the Company and FinCo (as applicable) shall update their share registers accordingly and provide certified copies of the updated share registers to the Buyer;

(f) in accordance with clause 5.3(b), any Directors and directors of each Group Company proposed for appointment by the Seller which ceases to be a Major Shareholder following the transfer of ownership under paragraph (d) above will automatically cease to be Directors and directors of each Group Company and the Seller shall promptly on request from the Buyer execute such documents and take such other steps with its power (including executing written shareholder resolutions and voting at shareholder meetings) necessary to procure the removal of any such Director or director of each Group Company; and

(g) for the avoidance of doubt, to the extent that all necessary regulatory approvals are not obtained or satisfied by the time period set out in clause 19.3(b)(i) or clause 19.4(a) (as applicable), then the Seller and the Buyer shall be obliged to complete the sale of Buy-Sell Completion Shares at the sole risk of the Buyer.

20. DELEGATION OF AUTHORITY

20.1 Each Major Shareholder irrevocably and unconditionally (and by way of security for the performance of its obligations under this deed) appoints such persons as may be nominated by the other Major Shareholder from time to time as its attorney and on its behalf to execute, deliver and carry out in its name or otherwise on its behalf all documents, acts and things which the attorney(s) may in its or their absolute discretion consider necessary or desirable to:

(a) exercise the appointment and removal of Directors in accordance with clauses 5.3 and/or 5.5(b);

(b) exercise the voting rights of such Shareholder to vote in favour of the appointment and/or removal of relevant Directors in accordance with clause 5.5(c) or 19.6(f);

(c) effect any transfer of Stapled Interests held by that Shareholder, being a Defaulting Shareholder, required in accordance with clause 14.4 or 14.5(c);

(d) exercise the voting rights of a Defaulting Shareholder or of an Indirect Defaulting Shareholder in accordance with clause 14.5(a)(ii) or 14.5(b)(ii) (as applicable);

(e) effect any transfer of ROFO Shares held by that Shareholder (or its Permitted Transferees) required in accordance with clause 15.10 or 15.11; or

(f) effect any transfer of the Buy-Sell Completion Shares held by that Shareholder (or its Permitted Transferees) required in accordance with clause 19.6,

to the extent that such action is contemplated by this deed and which such Major Shareholder is obliged, but fails, to effect in accordance with this deed.

20.2 The appointment in clause 20.1 shall in all circumstances remain in force and be irrevocable until a Trigger Event occurs.

20.3 If an attorney appointed in accordance with clause 20.1 effects a transfer of Stapled Interests as attorney for a Shareholder, the attorney's receipt of any consideration due to the Shareholder in respect of such transfer shall be a good discharge to the transferee of such Stapled Interests, who shall not be bound to see to its application. The attorney shall notify the Company and pay such consideration as soon as reasonably practicable to the Company which shall hold such consideration on behalf of the relevant Shareholder without any obligation to pay interest.

20.4 Each Shareholder on whose behalf Stapled Interests are transferred by an attorney appointed in accordance with clause 20.1 shall surrender its share certificate(s) to the Company or FinCo, if applicable, (or provide an indemnity in respect of such certificate(s) in a form satisfactory to the Company or FinCo, if applicable relating to the Stapled Interests transferred. On, but not before, such surrender or provision, the relevant Shareholder shall be entitled to the consideration in respect of the Stapled Interests transferred on its behalf, without interest.

21. BRANDING, SEPARATION, INTRA-GROUP ARRANGEMENTS

21.1 Branding

The Group shall operate a dual customer facing brand strategy, using both the “Wind” and “3” brands, until a new single-brand strategy has been proposed by the CEO and approved by the Board. HET will make the “3” brands available to the Group for as long as necessary without cost to the Group, pursuant to the term of the Hutchison IP Licence (as defined in the Contribution and Framework Agreement).

21.2 Support Services

The Parties agree and shall procure that, unless otherwise agreed as a Shareholder Reserved Matter under the terms of this deed, the HET Guarantor (and its Affiliates) and the VIP Guarantor (and its Affiliates) shall not, on or after the Effective Date, charge or re-charge to the Group any personnel, administrative, office or overhead costs or expenses in relation to any support services that may be made available to, the Group from time to time. If approved as a Shareholder Reserved Matter in accordance with the terms of this deed, the Affiliate providing the support services may charge the Group Company receiving the services its direct incremental costs incurred in providing such support services.

21.3 Roaming

(a) Each Group Company shall encourage roaming by its customers on to any mobile telecommunications networks (a **Network**) operated by Affiliates of Shareholders in territories outside of Italy by implementing roaming arrangements that prefer the Networks of such Affiliates and the Shareholders shall assist the Group to achieve attractive rates from such Affiliates compatible with minimising the Group’s customer churn.

(b) Each Shareholder shall procure that each of its Affiliates that operate a Network outside of Italy encourage their customers to roam on to the Networks of the Group when roaming in Italy by implementing roaming arrangements that prefer the Group’s Networks and the Group shall provide such roaming at attractive rates compatible with minimising churn of customers of the Shareholder Affiliate.

(c) Each Group Company shall have absolute discretion in relation to roaming arrangements in respect of any territory where no Affiliate of a Shareholder operates a Network.

21.4 Revenue sharing agreements

No agreement by which a Group Company participates in any revenue sharing arrangement with a third party (whether sharing revenues of the Group Company with a third party or the Group Company sharing of revenues of a third party) pursuant to an agreement made by any Shareholder and/or any of its Affiliates for or on behalf of, or as agent for, the Group Company shall continue after a date falling 18 months after the Effective Date unless it has been approved as a Shareholder Reserved Matter in accordance with the terms of this deed.

21.5 Global Procurement

(a) Each Shareholder (for so long as it owns or controls (directly or indirectly) 25% or greater of the voting share capital of the Company) shall, where requested by any Group Company, use reasonable endeavours (but without being required to incur any significant cost to do so) to permit that Group Company to participate in the group arrangements of that Shareholder and its Affiliates for the acquisition or licensing of products and services for Affiliates who

provide telecommunications services, so that the Group may benefit from such Shareholder's global group company pricing for products and services on substantially the same terms and conditions. An agreement under which the Group Company participates under a foregoing arrangement shall be a **Global Procurement Contract** and shall include, without limitation, an agreement between a Group Company and a Shareholder or Affiliate of a Shareholder as the counterparty and supplier of the products or services, an agreement entered into with a third party supplier of the products or services by a Shareholder or a Shareholder Affiliate as agent for and on behalf of a Group Company, and any agreement appointing a Shareholder or Affiliate of a Shareholder as agent for a Group Company for such purposes or framework agreement setting out the terms and conditions for a Group Company to participate in such arrangements.

(b) Upon the request of a Group Company, HET (if the Global Procurement Contract was entered into by a 3 Italia Group Company) or VIP (if the Global Procurement Contract was entered into by a Wind Group Company) shall use reasonable endeavours to enable a Group Company to terminate any Global Procurement Contract after 18 months from the Effective Date. Unless so terminated the Global Procurement Contract shall continue until expiry in accordance with its terms.

(c) If a Group Company may only continue to participate in a Global Procurement Contract existing on the Effective Date with the approval of a third party, HET (if the Global Procurement Contract was entered into by a 3 Italia Group Company) or VIP (if the Global Procurement Contract was entered into by a Wind Group Company) shall use reasonable endeavours (but without being required to incur any cost to do so) to obtain that approval.

(d) Each of Shareholder agrees that unless approved as a Shareholder Reserved Matter pursuant to the terms of this deed neither it nor any of its respective Affiliates shall charge any Group Company:

(i) for making available to the Group its global group pricing referred to in paragraph (a) above or for any administrative, logistical or other support provided to the Group in relation to any Global Procurement Contract; or

(ii) any internal fee, margin, expense, charge or other internal cost regarding services or products provided by a third party to the Group.

(e) Each Group Company shall be entitled to determine in its absolute discretion the supplier of any products and services provided that each Group Company shall, when undertaking procurement of products and services seek to obtain the supply on the best commercial terms available to that Group Company, either on its own or whenever possible under a Global Procurement Contract. In making procurement decisions, and where products or services may be acquired by the Group under a Global Procurement Contract, then the Group shall seek to ensure that such Global Procurement Contracts are allocated approximately equally between each Shareholder group. Shareholders shall review such allocation biennially and shall in good faith seek to redress any imbalance greater than €50 million over the next two years.

21.6 Know-how

(a) The Shareholders agree to, and to procure that their respective Ultimate Holding Companies and Affiliates that are network operators providing telecommunications services (a **Relevant Affiliate**) share or make reasonably available on an "as is" no liability basis to the Group for use by the Group in the conduct of the Business know-how on its business and technical processes, procedures, reporting methodologies, management practices, quality control, and

operational experiences and associated data and document relevant to the conduct of a mobile or fixed line business (**Know-how**), provided that a Shareholder or its Affiliate shall not be required to provide or make available any Know-how to the Group if the provision of such Know-how:

(i) is prohibited by Law, the terms of any agreement with any third party or violates the intellectual property rights of any third party, or requires any Shareholder or its Affiliate to incur any significant incremental costs; or

(ii) without limiting paragraph (i), where such Know-how originated with a Shareholder or Affiliate of such Shareholder and the disclosure of such Know-how to the Group would be materially adverse to the interests of such Shareholder or Affiliate of such Shareholder.

No Shareholder or Affiliate of the Shareholder may charge the Group any costs in complying with this paragraph (a) beyond its direct incremental costs unless approved as a Shareholder Reserved Matter in accordance with the terms of this deed. Senior Management may travel to the offices of a relevant Shareholder or Affiliate of the Shareholder for the purpose of accessing Know-how of a Relevant Affiliate subject to reasonable prior notice, and provided it does not cause any significant disruption, to the relevant business.

(b) The provisions of paragraph (a) shall apply, mutatis mutandis, to the sharing and making available Know-how of the Group to any Shareholder and that Shareholder's Relevant Affiliates.

22. WAIVER OF RIGHT TO SEEK LIQUIDATION

To the extent permissible by applicable law, each Shareholder agrees, confirms and acknowledges that it shall be wholly and irrevocably barred from seeking a liquidation, winding up or otherwise of the Company or any Group Company in the event of a deadlock between the Shareholders, including, without limitation, on a refusal or failure to consent to a Reserved Matter or failure to attend a meeting of the Shareholders.

23. PROTECTIVE COVENANTS

23.1 For the purposes of this clause, a **group** in the case of VIP shall not include any shareholder of the VIP Guarantor and a **group** in the case of HET shall not include any shareholder of the HET Guarantor. Each Shareholder covenants with the other that it shall not and shall procure that no other member of its group shall:

(a) for so long as such person remains a Shareholder be concerned in any business carrying on business in Italy which is competitive with the Business; or

(b) for so long as such person remains a Shareholder and for a period of one year after the date upon which it ceases to be a Shareholder (the **Termination Date**):

(i) induce or attempt to induce any person who is at such time a Director, a director of a Group Company or a Senior Employee to leave the employment of that Group Company unless such inducement or attempt to induce is made by:

(A) the VIP Guarantor or any of its Subsidiaries in respect of a Director, a director of a Group Company or a Senior Employee who was a director or employee of VIP's group (other than WAHF and its Subsidiaries) prior to the Effective Date or the date of employment or appointment as a Director with or by a Group Company; or

(B) the HET Guarantor or any of its Subsidiaries in respect of a Director, a director of a Group Company or a Senior Employee who was a director or employee of HET's group (other than 3 Italia and its Subsidiaries) prior to the Effective Date or the date of employment or appointment as a Director with or by a Group Company; or

(ii) employ or attempt to employ any person who is at such time a Director, a director of a Group Company or a Senior Employee unless such employment or attempt to employ is made by:

(A) the VIP Guarantor or any of its Subsidiaries in respect of a Director, a director of a Group Company or a Senior Employee who was a director or employee of VIP's group (other than WAHF and its Subsidiaries) prior to the Effective Date or the date of employment or appointment as a Director with or by a Group Company; or

(B) the HET Guarantor or any of its Subsidiaries in respect of a Director, a director of a Group Company or a Senior Employee who was a director or employee of HET's group (other than 3 Italia and its Subsidiaries) prior to the Effective Date or the date of employment or appointment as a Director with or by a Group Company; or

(iii) use any information of a secret or confidential nature relating to, or to the business or affairs of, any Group Company, to induce or attempt to induce any person, who is or was for so long as the relevant person is or was a Shareholder, a customer of, or a supplier to, a Group Company, to cease to deal with that Group Company as a whole or on substantially equivalent terms to those previously offered or existing.

23.2 For the purposes of this clause:

(a) a person is concerned in a business if it carries on the business as principal or agent or if:

(i) it is a partner, director, employee, secondee, consultant or agent in, of or to any person who carries on the business; or

(ii) it has any direct or indirect financial interest (as shareholder or otherwise) in any person who carries on the business; or

(iii) it is a partner, director, employee, secondee, consultant or agent in, of or to any person who has a direct or indirect financial interest (as shareholder or otherwise) in any person who carries on the business,

disregarding any financial interest of a person in securities which are listed or traded on any generally recognised market if that person, members of either Shareholder group for the time being and any person connected with that person or either Shareholder (the **Investors**) are together interested in securities which amount to less than five per cent. of the issued securities of that class and which, in all circumstances, carry less than five per cent. of the voting rights (if any) attaching to the issued securities of that class, and provided that none of the Investors is involved in the management of the business of the issuer of the relevant securities or of any person connected with it otherwise than by the exercise of voting rights attaching to securities; and

(b) a Shareholder or members of its group will not be in breach of this clause 23.2 by reason of acquiring a business (the **Acquired Business**) where at the time of the acquisition the activities of the Acquired Business include a business in Italy which is competitive with the Business (the **Acquired Competing Business**) provided that:

(i) the turnover attributed to the Acquired Competing Business in its last financial year before the acquisition is less than ten per cent. of the turnover of the Acquired Business as a whole; and

(ii) the Shareholder or members of its group uses reasonable endeavours to dispose of the Acquired Competing Business to an unaffiliated third party outside the Shareholder's group within 18 months of the closing of the agreement pursuant to which the Acquired Competing Business is acquired by the Shareholder or members of its group (the **Divestment Period**) and the Shareholder shall be permitted to carry on such Acquired Competing Business on the same basis as the date on which it was acquired by the Shareholder for the duration of the Divestment Period; and

(c) a Shareholder or members of its group will not be in breach of clause 23.1 to the extent a Shareholder or members of its group (i) has a 25 per cent. or less interest in a business which involves the provision of over-the-top services (the **OTTS Business**) made available to end users in Italy; or (ii) has a greater than 25 per cent. interest in the OTTS Business made available to end users in Italy but which (in this limb (ii)) is not in direct competition with the Business; and

(d) references to a Group Company include its successors in business.

23.3 Each of the restrictions in each paragraph or subclause above shall be enforceable independently of each of the others and its validity shall not be affected if any of the others is invalid.

23.4 If any of those restrictions is void but would be valid if some part of the restriction were deleted, the restriction in question shall apply with such modification as may be necessary to make it valid.

23.5 Each Shareholder acknowledges that in view of its investment and obligations pursuant to the Transaction Documents the provisions of this clause are indispensable to their entering into this deed and are no more extensive than is reasonable to protect a Shareholder as a holder of Shares in the Group.

23.6 The covenants in this clause may be enforced by any Group Company against a Shareholder the Shareholder breaching this clause under the Contracts (Rights of Third Parties) Act 1999. The provisions of this clause may be varied or terminated by agreement between the Shareholders (and the non-breaching Shareholder may also release or compromise in whole or in part any liability in respect of rights or claims contemplated by this clause) without the consent of any Group Company.

23.7 Without affecting any other rights or remedies that a Shareholder may have, each Shareholder acknowledges that a Shareholder may be irreparably harmed by any breach of the terms of this clause and that damages alone may not necessarily be an adequate remedy. Accordingly, each Shareholder hereby acknowledges without proof of actual damages that injunctive relief, specific performance or other equitable relief in favour of the other Shareholder is an appropriate and necessary remedy for breach of the terms of this clause.

24. TERM AND TERMINATION

24.1 Term

This deed takes effect on the Effective Date and continues until terminated in accordance with clause 24.2.

24.2 Circumstances for termination

Subject to clause 24.3, this deed terminates in respect of the rights and obligations of all parties:

(a) subject to clause 22, on the date on which the Company is wound up;

(b) on the date on which a Shareholder (together with its Affiliates) holds all the Shares in the Company;

(c) on the date on which all the Shareholders agree in writing; or

(d) on the date on which there is no Major Shareholder.

24.3 Effect of termination

If this deed terminates in accordance with clause 24.2 or certain provisions terminate in accordance with clause 24.5, in respect of the rights and obligations of any party:

(a) except as provided in clause 24.3(c) that party is released from its obligations to further perform this deed or those provisions (as applicable);

(b) each party retains all rights that it has against each other party in respect of any breach of this deed or those provisions (as applicable) occurring before termination and, for the avoidance of doubt, any rights pursuant to clause 26 and 27 shall survive in respect of any such breach of this deed occurring before termination; and

(c) the provisions of and the rights and obligations of each party under this clause 24.3 and each of the Surviving Clauses survive termination of this deed.

24.4 Duration

(a) Any voting undertaking set forth in this deed shall be valid and in full force and effect for an initial duration of ten years from the Effective Date. The Shareholders undertake to use all reasonable endeavours to renew such voting undertakings for further successive ten year periods (or such other durations as the Shareholders may agree) until termination of this deed, and will commence discussions for the purposes of renewing such voting undertakings at least 6 months prior to the expiry of the relevant term.

(b) The Shareholders hereby agree that any voting undertaking in this deed in the interest and for the benefit of the Company and both Shareholders and is reasonable. However, notwithstanding anything contained in this deed to the contrary, if any such voting undertaking is determined to be invalid or voidable under Luxembourg law due to its duration, the duration of such voting undertaking shall be reduced to the maximum duration possible without rendering such voting agreement invalid or voidable under Luxembourg law.

24.5 Trigger Event for termination of certain provisions

Upon a Trigger Event occurring:

(a) the provisions of clauses 3 to 10, 11 (other than paragraph 11.1), 12, 13.2, paragraph 13.3(e), 14 (other than 14.7), 15, 19 to 22 and 24.4 of this deed (inclusive), together with Schedule 1 to Schedule 6 and Schedule 8 to Schedule 9 (inclusive) to it, will automatically terminate and cease to have any effect thereafter and clause 24.3 shall apply in respect of these terminated provisions;

(b) for the avoidance of doubt all other provisions of this deed, namely, for the avoidance of doubt, the Surviving Clauses, clauses 2, 11.1, 13 (other than 13.2 and paragraph 13.3(e)), and subject to paragraph (c) below), 14.7, 16, 17, 18, 23, 24 (other than clause 24.4) 26 and 27 and Schedule 7, Schedule 10 and Schedule 11 (subject to paragraph (c) below) shall remain in full force and effect notwithstanding such termination; and

(c) the following provisions shall remain in full force and effect notwithstanding such termination but subject to the following amendments with effect from the Trigger Event:

(i) Clause 13.1, subject to the deletion of the words "Other than the obligations of each Shareholder to subscribe for the Shares in accordance with the Contribution and Framework Agreement," and replacement of "no" with "No"; and

(ii) Schedule 11, subject to the deletion of those defined terms that are no longer applicable to the provisions set out in paragraphs (b) and (c)(i) above (and appropriate consequential amendments being made to the definition cross-referencing); and

(d) the provisions contained in Schedule 10 shall come into force upon a Trigger Event occurring (the **Trigger Event Date**).

25. CONFIDENTIALITY

25.1 Confidentiality obligations

Except as permitted by this clause 25:

(a) each Shareholder shall keep confidential:

(i) all information made available to it by or on behalf of the Company or by a Director under clause 11.4 (whether before, on or after the date of this deed and whether in writing, orally, electronically or in any other form or medium) which relates to the past, present or future business, operations or affairs of any Group Company;

(ii) all information made available to it by or on behalf any other Shareholder (whether before, on or after the date of this deed and whether in writing, orally, electronically or in any other form or medium) in connection with the arrangements contemplated by this deed;

(iii) any information of a secret or confidential nature relating to, or to the business or affairs of, any Group Company, which shall include information concerning customer details, prices and quantities; and

(iv) the existence, terms and subject matter of, and the negotiations relating to, this deed and each other Transaction Document,

and shall not disclose or cause or permit the disclosure to any person of any such information, or use any such information for any purpose other than exercising its rights or performing its obligations under this deed or monitoring and making decisions regarding its investment in the Company; and

(b) the Company shall keep confidential:

(i) all information made available to it by or on behalf of any Shareholder (whether before, on or after the date of this deed and whether in writing, orally, electronically or in any other form or medium) in connection with the arrangements contemplated by this deed; and

(ii) the existence, terms and subject matter of, and the negotiations relating to, this deed and each other Transaction Document,

and shall not disclose or cause or permit the disclosure to any person of any such information, or use any such information for any purpose other than conducting the Business or exercising its rights or performing its obligations under this deed.

25.2 Excluded information

Clause 25.1 does not apply to any information which:

(a) is in or comes into the public domain, except through a breach of this clause 25 or through a breach by any person of any other obligation of confidentiality known to the disclosing party; or

(b) at the time it was disclosed by one party to another was already in the lawful possession of the second party and not held by the second party subject to an obligation of confidentiality.

25.3 Disclosure to Representatives

Nothing in clause 25.1 prevents any party from disclosing information to any of its Affiliates or Representatives if:

(a) the information needs to be disclosed:

(i) to enable that party to exercise its rights or perform its obligations under this deed including a Disposal of Stapled Interests permitted in accordance with the terms of this deed; or

(ii) where the party is a Shareholder, to enable that Shareholder to monitor and make decisions regarding its investment in the Company; and

(b) before disclosure is made that party has informed the relevant Affiliates or Representatives in writing that the information is confidential and shall only be used for the purpose for which it was disclosed,

provided that any Affiliate or Representative receiving information under this clause 25.3 has undertaken to comply with the confidentiality obligations under this clause 25 as if those obligations were imposed directly on the relevant Affiliate or Representative, and the party disclosing such information shall ensure that any such Affiliate or Representative to whom information is so disclosed strictly complies with such obligations.

25.4 Required disclosure

Nothing in clause 25.1 prevents a party or any of its Affiliates or Representatives from disclosing information if disclosure is required by law or regulation (except to the extent the requirement can be excluded or limited by contract or by a confidentiality obligation), any tribunal or court of competent jurisdiction, any government agency or the listing rules of any recognised securities exchange. Before any disclosure is made under this clause 25.4, the party that is, or whose Affiliate or Representative is, required to make disclosure shall, to the extent permitted by law and the relevant disclosure requirement:

(a) notify the party that made the relevant information available to it (the **Discloser**) and each other party as soon as reasonably practicable after it becomes aware that disclosure is required;

(b) take all steps reasonably required by the Discloser to prevent or restrict the disclosure of that information; and

(c) co-operate with the Discloser regarding the timing and content of such disclosure.

For the purposes of this clause 25.4, where the information required to be disclosed is the existence, terms or subject matter of, or the negotiations relating to, this deed, references to the Discloser are taken to be references to each other party.

25.5 Disclosure in accordance with right of first offer

Nothing in clause 25.1 prevents a party from disclosing information to the extent strictly required by, and subject always to the terms and conditions provided in, clause 15.5.

25.6 Legal proceedings

Nothing in clause 25.1 prevents a party from disclosing information to the extent required to enable that party to enforce the provisions of this deed or to the extent necessary for the purpose of defending any proceedings brought against that party.

25.7 Advertisements and public announcements

Nothing in clause 25.1 prevents a party from disclosing information in any advertisement or public announcement containing information that is not in the public domain made with the written consent of each other party which in the case of any advertisement or public announcement referring only to the existence or subject matter of this deed shall not be unreasonably withheld or delayed.

25.8 Outgoing Shareholder

If a Shareholder ceases to be a Shareholder, it shall immediately:

(a) deliver all documents or other materials in tangible form that are in its possession or control and that contain information of the type described in clause 25.1(a) to the party that made that information available to it;

(b) use all reasonable endeavours to permanently delete all information of the type described in clause 25.1(a) that has been stored on any computer, database or other electronic storage medium by it or on its behalf; and

(c) ensure that each of its Affiliates and Representatives to whom information has been provided under clause 25.3 does the same,

except to the extent that the Shareholder or the relevant Affiliate or Representative is required to retain such information by law, the rules of any regulatory authority or any mandatory professional standards rules or in accordance with its reasonable and bona fide internal compliance policies.

26. VIP GUARANTEE

26.1 The VIP Guarantor unconditionally and irrevocably:

(a) guarantees to each other party the payment when due of all amounts payable by VIP under or pursuant to this deed;

(b) undertakes to ensure that VIP will perform when due all its obligations under or pursuant to this deed;

(c) agrees that if and each time that VIP fails to make any payment when it is due under or pursuant to this deed, the VIP Guarantor must on demand (without requiring any party first to take steps against VIP or any other person) pay that amount as if it were the principal obligor in respect of that amount; and

(d) agrees as principal debtor and primary obligor to indemnify each other party against all Loss sustained by it flowing from any non-payment or default of any kind by VIP under or pursuant to this deed.

26.2 The VIP Guarantor's obligations under this clause 26 will not be affected by any matter or thing which but for this provision might operate to affect or prejudice those obligations, including without limitation:

(a) any time or indulgence granted to, or composition with, VIP or any other person;

(b) the taking, variation, renewal or release of, or neglect to perfect or enforce this deed, or any right, guarantee, remedy or security from or against VIP or any other person;

(c) any variation or change to the terms of this deed; or

(d) any unenforceability or invalidity of any obligation of VIP, so that this deed shall be construed as if there were no such unenforceability or invalidity.

26.3 Until all amounts which may be or become payable under this deed have been irrevocably paid in full, the VIP Guarantor shall not as a result of this deed or any payment or performance under this deed be subrogated to any right or security of any party or claim or prove in competition with any party against VIP or any other person or claim any right of contribution, set-off or indemnity.

26.4 The VIP Guarantor will not take or hold any security from VIP in respect of this deed and any such security which is held in breach of this provision will be held by the VIP Guarantor in trust for each other party.

26.5 The VIP Guarantor shall indemnify each other party against any Loss arising as a result of or in connection with the enforcement of the VIP Guarantor's obligations under this deed.

26.6 The VIP Guarantor warrants to each other party that:

(a) it is a corporation validly existing under the laws of the place of its incorporation;

(b) it has the power to execute and deliver, and to perform its obligations under, this deed and it has taken all necessary corporate action to authorise such execution and delivery and the performance of such obligations;

(c) its obligations under this deed are legal, valid, binding and enforceable in accordance with their terms;

(d) the execution and delivery by it of this deed and the performance of its obligations under it does not and will not conflict with or constitute a default under any provision of:

(i) any agreement or instrument to which it is a party;

(ii) its constitution (if any); or

(iii) any law, order, judgment, award, injunction, decree, rule or regulation by which it is bound; and

(e) no Insolvency Event has occurred in relation to it.

27. HET GUARANTEE

27.1 The HET Guarantor unconditionally and irrevocably:

(a) guarantees the payment to each other party when due of all amounts payable by HET under or pursuant to this deed;

(b) undertakes to ensure that HET will perform when due all its obligations under or pursuant to this deed;

(c) agrees that if and each time that HET fails to make any payment when it is due under or pursuant to this deed, the HET Guarantor must on demand (without requiring any party first to take steps against HET or any other person) pay that amount as if it were the principal obligor in respect of that amount; and

(d) agrees as principal debtor and primary obligor to indemnify each other party against all Loss sustained by it flowing from any non-payment or default of any kind by HET under or pursuant to this deed.

27.2 The HET Guarantor's obligations under this clause 27 will not be affected by any matter or thing which but for this provision might operate to affect or prejudice those obligations, including without limitation:

(a) any time or indulgence granted to, or composition with, HET or any other person;

(b) the taking, variation, renewal or release of, or neglect to perfect or enforce this deed, or any right, guarantee, remedy or security from or against HET or any other person;

(c) any variation or change to the terms of this deed; or

(d) any unenforceability or invalidity of any obligation of HET, so that this deed shall be construed as if there were no such unenforceability or invalidity.

27.3 Until all amounts which may be or become payable under this deed have been irrevocably paid in full, the HET Guarantor shall not as a result of this deed or any payment or performance under this deed be subrogated to any right or security of any party or claim or prove in competition with any party against HET or any other person or claim any right of contribution, set-off or indemnity.

27.4 The HET Guarantor will not take or hold any security from HET in respect of this deed and any such security which is held in breach of this provision will be held by the HET Guarantor in trust for each other party.

27.5 The HET Guarantor shall indemnify each other party against any Loss arising as a result of or in connection with the enforcement of the HET Guarantor's obligations under this deed.

27.6 The HET Guarantor warrants to each other party that:

(a) it is a corporation validly existing under the laws of the place of its incorporation;

(b) it has the power to execute and deliver, and to perform its obligations under, this deed and it has taken all necessary corporate action to authorise such execution and delivery and the performance of such obligations;

(c) its obligations under this deed are legal, valid, binding and enforceable in accordance with their terms;

(d) the execution and delivery by it of this deed and the performance of its obligations under it does not and will not conflict with or constitute a default under any provision of:

(i) any agreement or instrument to which it is a party;

(ii) its constitution (if any); or

(iii) any law, order, judgment, award, injunction, decree, rule or regulation by which it is bound; and

(e) no Insolvency Event has occurred in relation to it.

28. NOTICES

28.1 Manner of giving notice

Any notice or other communication to be given:

(a) under this deed (other than under clause 19) must be in writing and must be delivered by hand or courier using an internationally recognised courier company or sent by post or email, or

(b) under clause 19 must be in writing and must only be sent by email or fax,

(and, in each case, if such notice or other communication is sent by email or fax, then a copy must be delivered by hand or courier using an internationally recognised courier company or sent by post as soon as reasonably practicable although the notice or other communication will deem to have been given by transmission of the email) to the party to whom it is to be given at its address or fax (as applicable) appearing in this deed as follows:

(i) to the Company at:

Address:

7, rue du du Marché-aux-Herbes
L-1728 Luxembourg
Grand Duchy of Luxembourg

Fax: +352 2626 8181

marked for the attention of the Company Secretary,

(ii) to VIP and the VIP Guarantor at:

Address:

VimpelCom Ltd.
Claude Debussylaan 88
1082 MD Amsterdam
The Netherlands

Email: Scott.Dresser@vimpelcom.com and Andrew.Davies@vimpelcom.com

Fax: +31 20 79 77 201

marked for the attention of Scott Dresser and Andrew Davies

(iii) to HET at:

Address:

Hutchison Europe Telecommunications S.à r.l.
S.7, rue du Marché-aux-Herbes
L-1728 Luxembourg
Grand Duchy of Luxembourg

Fax: +352 2626 8181

marked for the attention of the Company Secretary,

with a copy to the HET Guarantor, and David Sonter and Natasha Good of the HET solicitors (email: david.sonter@freshfields.com and natasha.good@freshfields.com),

(iv) to the HET Guarantor at:

Address:

22nd Floor, Hutchison House,
10 Harcourt Road,
Hong Kong

Email: EdithS@chk.com.hk

Fax: (852) 2128 1778

marked for the attention of Ms Edith Shih,

and with a copy to David Sonter and Natasha Good of the HET solicitors (email: david.sonter@freshfields.com and natasha.good@freshfields.com),or at any such other

address notified in writing for this purpose to the other parties under this clause 28. Any notice or other communication sent by post shall be sent by prepaid ordinary recorded delivery post (if the country of destination is the same as the country of origin) or by prepaid airmail (if the country of destination is not the same as the country of origin).

28.2 When notice given

Any notice or other communication is deemed to have been given:

(a) if delivered, on the date and at the time of delivery; or

(b) if sent by post, on the second Business Day after it was put into the post; or

(c) at the time of transmission if delivered by fax or email,

but if the notice or other communication would otherwise be taken to be received after 5.00 pm then the notice or communication is taken to be received at 9.00 am (local time at the place of receipt) on the next Business Day.

28.3 Proof of service

In proving service of a notice or other communication, it is sufficient to prove that delivery was made or that the envelope containing the communication was properly addressed and posted either by prepaid post or by prepaid airmail.

28.4 Documents relating to legal proceedings

This clause 28 does not apply in relation to the service of any claim form, statement of care, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this deed.

29. GENERAL

29.1 Amendment

This deed may only be amended in writing and where the amendment is signed by or on behalf of all the parties.

29.2 Assignment

None of the rights or obligations under this deed may be assigned, transferred or otherwise dealt with by a party without the prior written consent of the other parties. No party shall grant, declare, create or dispose of any rights or interests in this deed without the prior written consent of all the other parties. Any purported assignment in contravention of this clause 29.2 shall be void.

29.3 Costs

Except as otherwise expressly provided in this deed, each party shall pay the costs and expenses incurred by it in connection with entering into and performing its obligations under this deed.

29.4 Directors' indemnity

Subject to the provisions of and to the extent permitted by applicable law, the parties shall ensure that each Director (including, the Chairman) is indemnified out of the assets of the Company against any liability incurred by him/her in the valid execution or discharge of his/her duties or the valid

exercise of his/her powers in connection with his/her duties, powers or office, but this indemnity shall not apply to any liability to the extent that it is recovered from any other person or in the case of a Director's (including, a Chairman's) own fraud, wilful default, gross negligence or dishonesty.

29.5 Sanctions

The parties acknowledge and agree that nothing in this deed (or any other Transaction Document) will require any other party to carry out any act or make any omission that may constitute or result in an actual breach of any Economic Sanction Law.

29.6 Entire agreement

(a) This deed and the other Transaction Documents contain the whole agreement between the parties relating to the transactions contemplated by this deed and the Transaction Documents and supersede all previous draft agreements, arrangements or understandings whether oral or in writing, between the parties relating to these transactions.

(b) Each party:

(i) acknowledges that in agreeing to enter into this deed and the other Transaction Documents it has not relied on any express or implied statement, representation, warranty, undertaking, collateral contract or other assurance (except those warranties and undertakings set out in this deed and the other Transaction Documents) made by or on behalf of any other party before the entering into of this deed;

(ii) waives all rights and remedies which, but for this clause 29.6, might otherwise be available to it arising under or in respect of any such express or implied statement, representation, warranty, undertaking, collateral contract or other assurance; and

(iii) acknowledges that, except for any liability in respect of a breach of this deed and the other Transaction Documents, no party shall owe any duty of care or have any liability in tort or otherwise to the other party in relation to the subject matter of this deed.

(c) Nothing in this clause limits or excludes any liability for fraud or fraudulent misrepresentation.

29.7 Execution in counterparts

This deed may be executed in any number of counterparts and any party may enter into this deed by executing and delivering a counterpart. Each counterpart constitutes the agreement of the party who has executed and delivered that counterpart. Faxed or scanned signatures are taken to be valid and binding to the same extent as original signatures. Delivery of a counterpart of this deed by e-mail attachment shall be an effective mode of delivery.

29.8 Exercise and waiver of rights

The rights of each party under this deed:

(a) may be exercised as often as necessary (in whole or in part);

(b) except as otherwise expressly provided by this deed, are cumulative and not exclusive of rights and remedies provided by law; and

(c) may be waived only in writing and specifically,

and delay in exercising or non-exercise of any such right is not a waiver of that right and will not affect any such right in relation to any other party.

29.9 No partnership or agency

Nothing in this deed or the Articles will be deemed to constitute a partnership between the parties or, unless this deed expressly provides otherwise, constitute any party the agent of any other party for any purpose.

29.10 Severability

The provisions contained in each clause are enforceable independently of each other clause and the validity and enforceability of any clause will not be affected by the invalidity or unenforceability of any other clause.

29.11 No Third Party Rights

Except as set out in clause 23.6, a person who is not a party to this deed may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

30. INVALID TERMS

30.1 Each of the provisions of this deed is severable.

30.2 If and to the extent that any provision of this deed:

(a) is held to be, or becomes, invalid or unenforceable under the law of any jurisdiction; but

(b) would be valid, binding and enforceable if some part of the provision were deleted or amended,

then the provision shall apply with the minimum modifications necessary to make it valid, binding and enforceable and neither the validity or enforceability of the remaining provisions of this deed, nor the validity or enforceability of that provision under the law of any other jurisdiction shall in any way be affected or impaired as a result of this clause 30.2.

31. JURISDICTION

31.1 Governing law of this clause

This clause 31 is governed by English law.

31.2 Jurisdiction

The English courts have exclusive jurisdiction to settle any Dispute and each party irrevocably submits to the exclusive jurisdiction of the English courts and waives any objection to the exercise of that jurisdiction.

31.3 Service of process agent

Without prejudice to any other method of service permitted by law:

(a) the Company irrevocably appoints Law debenture Corporate Services Limited of 5th Floor, Wood Street, London, EC2V 7EX, England and Hutchison Whampoa Agents (UK) Limited of Hutchison House, 5 Hester Road, London SW11 4AN, United Kingdom;

(b) each of VIP and the VIP Guarantor irrevocably appoint Law debenture Corporate Services Limited of 5th Floor, Wood Street, London, EC2V 7EX, England; and

(c) each of HET and the HET Guarantor irrevocably appoints Hutchison Whampoa Agents (UK) Limited of Hutchison House, 5 Hester Road, London SW11 4AN, United Kingdom,

in each case as its agent in England and Wales for service of process and any other documents in relation to any Dispute. Subject to clause 31.4, each party irrevocably undertake not to revoke its agent's authority; and any claim form, judgment or other notice of legal process shall be sufficiently served on such party if delivered to its agent at its address for the time being.

31.4 Alternative service of process agent

If any person appointed as process agent under clause 31.3 is unable for any reason to so act, the relevant party shall immediately (and in any event within ten Business Days of the event taking place) appoint another agent in England and Wales for service of process in relation to any Dispute and notify the other parties of such appointment. Failing this, any other party may appoint another process agent for this purpose at the relevant party's expense.

31.5 Failure to notify by process agent

Each party agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings.

32. GOVERNING LAW

This deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

THIS DEED has been executed by the parties (or their duly authorised representatives) on the date stated at the beginning of this deed.

SCHEDULE 1

THE COMPANY

Company name:	Hutchison 3 G Italy Investments S.à r.l.
Registered number:	B 77457
Registered office:	7, rue du Marché-aux-Herbes, L-1728 Luxembourg, Grand Duchy of Luxembourg
Date and place of incorporation:	4 August 2000, Luxembourg
Directors:	1. Neil McGee
	2. Thomas Geiger
	3. Christian Salbaing
	4. Richard Chan
	5. Susan Chow
	6. Frank Sixt
Secretary:	Not applicable.
Financial year end:	31 December
Auditors:	Not applicable.
Issued shares (including identity of each shareholder and number of shares held by it):	€2,758,939,525.00 Hutchison Europe Telecommunications S.à r.l.: 110,357,581 shares (100%)

SCHEDULE 2

AGREED FUNDAMENTAL BUSINESS OBJECTIVES

(a) The Group to be managed in such a manner as to protect and where possible grow revenue market share fundamentally through the provision of innovative and better connectivity and digital services;

(b) The Group to be managed in such manner as to maintain and grow gross service margin (i.e. gross margin excluding any revenue element relating to handsets or devices) on an absolute total basis;

(c) The Group management to be evaluated and rewarded under the Group's Long-term Incentive Plan based both on attainment of the Agreed Business Plan and the Merger Integration Plan and, in the case of any short-term incentives, by assessment of the Group's and their own individual performance in support of over-achieving annual budgeted goals in their areas of responsibility, against market benchmarks in Italy and in Europe as appropriate;

(d) The Group to be managed in such manner as to attain the most efficient operating cost structure of any facilities based mobile network operator in Italy;

(e) The Group to be managed in such manner as to maintain quality of service levels sufficient to assure achievement of Agreed Fundamental Business Objectives;

(f) The Group to be managed so as to achieve maximum capital efficiency (e.g. installed capital cost per unit of data traffic handled or other parameters as agreed by the Shareholders) consistent with achieving Agreed Fundamental Business Objectives;

(g) The Group to adopt rigorous procurement disciplines including tendering in all major capex and opex spend areas (which shall be monitored for compliance by the Audit Committee, the CEO, CFO and by internal and external auditors) so as to achieve best price consistent with the quality necessary to achieve all other business objectives;

(h) The Group to adopt rigorous anti-bribery, anti-money laundering and corruption controls as well as controls for managing all operating and financial risks to a standard consistent with international best practices, including a zero tolerance standard for bribery, corruption, fraud or misappropriation;

(i) The Group to adopt rigorous controls over every form of customer, dealer, mobile virtual network operator or other credit or financial support extended in any form to third parties which shall be subject in all cases to limits established by the CEO and CFO and shall be extended only with CEO and CFO approval and monitored by internal and external auditors; and

(j) Financial and management reporting for the Group shall focus equally and place equal importance on:

(i) Cash flow and working capital management; and

(ii) Profit and loss achievement,

using metrics and key performance indicators established in the Agreed Business Plan and by the Board including service margin, operating costs, acquisition and retention costs, EBITDA, EBIT and free cash flow, as well as performance versus the operating cost and capital expenditure synergies and related integration costs as provided in the Agreed Business Plan,

(a) to (j) being the **Agreed Fundamental Business Objectives**.

SCHEDULE 3

BOARD MEETINGS

1. Frequency of meetings

The Board shall meet as frequently as necessary to allow it to discharge its duties and in any case at least four times per calendar year and once every three months.

2. Notice

Except in the case of (i) urgency as agreed between at least one Director appointed by each Shareholder (in which case the notice convening the meeting shall indicate the nature of, and the reasons for, the urgency), or (ii) an express waiver by all the Directors, at least five Business Days' written notice of each meeting of the Board shall be given to each Director by the Chairman of the Board or by the secretary on behalf of the Chairman of the Board.

3. Agenda

A Director may only add an item relating to a Board Reserved Matter to the agenda for a Board meeting. A notice of a Board meeting shall be accompanied by an agenda of all the business to be transacted at the meeting, as well as any supporting papers and documentation that has been put forward for the Board meeting by a Director or which may be deemed relevant for such Board meeting. Any matter not on the agenda but relating to a Board Reserved Matter may be raised at the Board meeting by a Director present or represented at the Board meeting.

4. Location

All meetings of the Board are to be held in Luxembourg, Grand Duchy of Luxembourg and a majority of Directors must be physically present at any such meeting, unless exceptional circumstances apply.

5. Use of technology

5.1 The Board may, in exceptional cases only, conduct meetings to discuss matters and issues which are urgent by conference call, video conference, or by any other means which will enable each Director:

(a) to be identified during the meeting;

(b) to properly hear (or otherwise receive real-time communications made by) each of the other Directors participating in the meeting;

(c) to address (or otherwise communicate in real time with) all of the other Directors participating in the meeting simultaneously; and

(d) to properly deliberate and cast his/her vote,

even if all the Directors are not physically present in the same place at the relevant Board meeting.

5.2 A Board meeting held in this manner is taken to be held at the registered office of the Company in Luxembourg, Grand Duchy of Luxembourg, where the conference call or video conference, as the case may be, will have been initiated.

5.3 If a technological link fails, the Board meeting will be adjourned until the failure is rectified.

6. Quorum

6.1 The quorum for the Board to validly deliberate is the presence in person or by proxy (including participation in accordance with paragraph 5 above) of at least four Directors made up of at least two Directors proposed by each Major Shareholder, either present or represented at the Board meeting.

6.2 A Director may be represented by proxy at any meeting of the Board by any other Director.

6.3 If a quorum is not present at a Board meeting within 30 minutes of the time appointed for the start of the meeting, the meeting will be adjourned to the same time and place on the next day or as soon as reasonably practicable thereafter (i.e. meeting at second call). If a quorum is not present at the reconvened meeting (i.e. meeting at second call) within 30 minutes of the time appointed for the start of the reconvened meeting, the meeting will be adjourned to the same time and place on the next day or as soon as reasonably practicable thereafter (i.e. meeting at third call).

6.4 If all of the Directors proposed for appointment by a Shareholder are not present in person or by proxy (including participation in accordance with paragraph 5 above) at a meeting of the Board and the following reconvened meeting (i.e. respectively, the meeting at first call and the meeting at second call), the quorum for the next reconvened meeting of the Board (i.e. meeting at third call) shall be the presence (including participation in accordance with paragraph 5 above) of at least any two Directors, either present or represented at the Board meeting.

7. Voting rights

7.1 Each Director is entitled to one vote on a Board resolution.

7.2 In the case of an equality of votes, the Chairman of the Board will have a second or Casting Vote in accordance with clause 5.6(b) of the deed.

8. Board decisions

8.1 All resolutions at meetings of the Directors shall be decided by a majority of votes cast (including a Casting Vote if exercised in accordance with clause 5.6).

8.2 Minutes (including original and copies) of meetings of the Board, and excerpts from such minutes, will be drafted in English and signed by the Chairman of the Board.

9. Written resolutions

Resolutions of the Board may, in exceptional cases only, be passed in writing by way of unanimous written circular resolutions for matters and issues which are urgent, not significant or not material. Such resolutions will be drafted in English, and will consist of one or several counterparts containing the resolutions of the Board, signed and dated by each Director, manually or electronically by means of an electronic signature which will be deemed valid under Luxembourg applicable law. The date of such unanimous written circular resolution will be the date of the last signature by any Director as apposed on his counterpart.

SCHEDULE 4

SHAREHOLDER MEETINGS

1. Frequency and location of meetings

1.1 The Board may call a meeting of the Shareholders of the Company in Luxembourg (a **Shareholders' Meeting**) at a time and place the Board resolves, unless exceptional circumstances apply.

1.2 Except in the case of an urgent general meeting of Shareholders in accordance with clause 5.5(a), either Major Shareholder may call a Shareholders' Meeting by notice in writing to the other Shareholder(s). Unless the Shareholder(s) agree otherwise, at least 20 Business Days' notice shall be given to each Shareholder of any Shareholders' Meeting (or 5 Business Days' notice in the case of an adjourned meeting) which notice period must exclude the date of the notice and the date of the Shareholders' Meeting unless all Shareholders agree otherwise.

1.3 An annual Shareholders' Meeting will be held each year at the registered office of the Company in Luxembourg, Grand Duchy of Luxembourg.

2. Quorum

2.1 The quorum for a Shareholders' Meeting is the presence in person, or by proxy, representative or attorney, of each Major Shareholder.

2.2 A Shareholder may act at any Shareholders' Meeting by appointing another person, who need not be a Shareholder of the Company, as its proxy in writing.

2.3 If a quorum is not present at a Shareholders' Meeting within 30 minutes of the time appointed for the start of the Shareholders' Meeting, the Shareholders' Meeting will be adjourned to the same time and place on the next day or as soon as reasonably practicable thereafter. If a quorum is not present at the reconvened Shareholders' Meeting within 30 minutes of the time appointed for the start of the Shareholders' Meeting, the Shareholders' Meeting will be dissolved.

3. Voting rights

Each Shareholder is entitled to one vote for each Share of the Company held by that Shareholder. There shall be no class voting rights except as expressly provided for in the Articles of the Company.

4. Shareholder decisions

A Shareholder resolution of the Company may only be carried, subject to mandatory provisions of applicable Luxembourg law, the Articles of the Company and the Shareholder Reserved Matters (in which case the relevant majority of Shares of the Company set out in such provisions shall be required), if it is passed by Shareholders holding a majority of the Shares of the Company.

5. Written resolutions

The Shareholders of the Company may, in exceptional cases only, pass a resolution without a Shareholders' Meeting being held if the requisite majority of the Shareholders entitled to vote on the resolution sign, or indicate their approval of, a document stating that they are in favour of the resolution set out in the document. The proposed resolution may be circulated in advance to the Shareholders for approval. The document may be in counterparts, signed or approved by one or more Shareholders, and may be circulated by email.

SCHEDULE 5

MERGER INTEGRATION PROVISIONS

PART 1

MANAGEMENT

1. Merger Integration objective

Subject to clause 2.2 of this deed, the Shareholders acknowledge and agree that:

(a) the overall goal of the Merger Integration Plan will be that the Group should become "One Company" within 24 months (and in any case not more than 36 months) after the Effective Date; and

(b) they shall seek to accomplish the integration of their respective businesses in the Group in accordance with the Merger Integration Plan by no later than the end of the Merger Integration Period (the **Merger Integration Objective**).

2. MD, CEO, Merger Integration Officer and CFO of MergeCo

2.1 The Shareholders agree to use their best efforts to retain Mr. Maximo Ibarra, the current Chief Executive Officer and managing director (*amministratore delegato*) of Wind TS together with Ms. Dina Ravera and Mr. Stefano Invernizzi, respectively, Chief Operating Officer and Chief Financial Officer of 3 Italia during the Merger Integration Period. For the duration of the Merger Integration Period (unless otherwise agreed in writing by the Shareholders):

(a) the current Chief Executive Officer and managing director (*amministratore delegato*) of Wind TS, Mr. Maximo Ibarra, shall be appointed as CEO and managing director (*amministratore delegato*) of MergeCo and its Subsidiaries;

(b) Ms. Dina Ravera, shall be appointed as Merger Integration Officer of MergeCo and shall also continue in her current role as Chief Operating Officer with overall responsibility for 3 Italia perimeter to ensure continuity of the 3 Italia businesses until the earlier of the end of the Merger Integration Period and the completion of Merger One; and

(c) Mr Stefano Invernizzi shall be appointed as CFO of MergeCo and its Subsidiaries.

2.2 The Merger Integration Officer and CFO shall report to the CEO and are expected to attend all meetings of the Board to present on certain aspects of the performance of the MergeCo Group. At the request of any Director, the Merger Integration Officer and/or CFO may be required to "step-out" of or not attend any Board meeting. The Board, in its absolute discretion, may provide the Merger Integration Officer and CFO with relevant Board meeting materials relating to the business of the MergeCo Group prior to such Board meetings. For the avoidance of doubt, the Merger Integration Officer and CFO shall not be entitled to vote at such Board meetings nor be counted towards any Board meeting quorum requirements.

2.3 For the purposes of this paragraph 2.3, each of the Merger Integration Officer, the CFO and the CEO is an **Executive** and, together, they are the **Executives**. In the event of any dispute between two or more Executives (the **Disputing Executives**), the Disputing Executives shall, within five Business Days of service of a written notice from a Disputing Executive to the other Disputing Executive(s) (a **Dispute Notice**), hold a meeting (a **Dispute Meeting**) in an effort to resolve the dispute. In the absence of agreement to the contrary the Dispute Meeting shall be held at the registered office for

the time being of the Company. The Disputing Executives shall procure that the Dispute Meeting is recorded in a set of minutes to be agreed between and signed by each of the Disputing Executives following the Dispute Meeting (the **Dispute Meeting Minutes**). Any dispute which is not resolved within ten Business Days after the service of a Dispute Notice, whether or not a Dispute Meeting has been held, shall, at the request of any Disputing Executive made within ten Business Days of the Dispute Notice being served, be referred to the Board to consider at the next meeting of the Board. The Company shall use reasonable endeavours to procure that: (a) the Dispute Meeting Minutes; (b) a document setting out the position of each of the Disputing Executives in respect of the dispute (signed by each Disputing Executive); and (c) any other documents relevant to the dispute, are provided to the Board to consider in advance of the applicable Board meeting.

2.4 Each of the CEO, Merger Integration Officer and CFO shall deliver reports within their area of responsibility to the Board and the committees of the Board.

2.5 Both the CEO and Merger Integration Officer shall be co-responsible for achieving the Business Plan, the Merger Integration Plan and the Agreed Fundamental Business Objectives (set out in Schedule 2).

2.6 The detailed respective roles and responsibilities of the CEO and Merger Integration Officer are set out in Part 2 of this Schedule, it being the intention that the CEO will focus on successfully operating the Group's businesses during the Merger Integration Period while the Merger Integration Officer will focus on successful elaboration and implementation of the Merger Integration Plans with the least disruption to the Group's day to day operations and will also be responsible for the successful execution of any divestments agreed by the Shareholders.

2.7 Not less than three months before the end of the Merger Integration Period, the Shareholders shall agree and appoint a CEO who may or may not be one of the incumbent Group officers to serve at the pleasure of the Board from the end of the Merger Integration Period.

3. Merger Executive Committee

3.1 To oversee the Merger Integration Objective, the Board shall from the Effective Date establish and maintain until the end of the Merger Integration Period an executive committee (the **Merger Executive Committee**) for the purpose of considering and, unless the Board determines otherwise, making recommendations to the Board in relation to matters regarding the Merger Integration Objective. Its membership shall consist of an even number of nominees, with an equal number nominated by each Shareholder. The right to appoint and replace the chairman of the Merger Executive Committee will rotate between the Shareholders every eighteen months following the Effective Date. VIP has the right to propose for appointment and replacement one of its nominees as the chairman for the first eighteen months following the Effective Date, and HET has the right to propose for appointment and replacement one of its members as chairman for the next eighteen months immediately following. The Merger Executive Committee shall guide and supervise the execution of detailed merger integration plans which the Shareholders and the Company agree are necessary or desirable, including, without limitation, the Merger Integration Plan, to achieve the targets set out in the Business Plan. The Merger Executive Committee shall meet as necessary to discharge its duties but no less frequently than monthly. All meetings of the Merger Executive Committee are to be held in Luxembourg, Grand Duchy of Luxembourg and a majority of committee members must be physically present at any such meeting. In exceptional cases only, and which is not encouraged, meetings may be held outside Luxembourg to discuss matters and issues which are urgent, not significant or not material.

3.2 For the duration of the Merger Integration Period, members of the Merger Executive Committee shall attend the Monthly Chairman's Review Meetings.

4. One "Team"

From the Effective Date, all members of the current management of Wind TS or WAHF (as the case may be) and 3 Italia who are selected to continue in the Group will be integrated and at all times treated by the Shareholders as one "team", and not as separate representatives of the interests of each of the Shareholders respectively. Each member of Senior Management is expected to treat all Shareholders equally and his or her duty of care is to MergeCo.

5. Reviews

5.1 No later than the end of the Merger Integration Period (but in any event, within three years following the Effective Date) or at any earlier time and date if one of the Shareholders so requests, the Board shall initiate:

(a) a comprehensive benchmarking review of the Group's operations against local and international peers including as to customer and revenue market share, gross and operating margin, operating and capital cost structure and sales and marketing metrics including brand metrics; and

(b) a comprehensive human resources review of the Group including individual performance reviews of the Senior Management, compensation benchmarking and overall human resources' cost and best practices benchmarking including succession planning,

the **Reviews**.

5.2 The Reviews shall be undertaken at the Group's expense by independent internationally recognised consultants selected by agreement between the Shareholders from a list of internationally recognised firms with appropriate specialisations.

5.3 The conclusions of the Reviews shall have no binding effect on the Shareholders or the Company / the Group, and shall only inform the decisions of the Shareholders and of their respective Directors in the exercise of their fiduciary duties for the purposes of the appointment or removal of or the compensation arrangements for the Senior Management.

6. Italian Mergers

Subject to prior written consent by the Shareholder and to obtaining all necessary regulatory consents and consents from lenders in connection with any financing arrangements of the Wind Group or 3 Italia Group, as applicable, the Shareholders confirm that as at the date of this agreement it is their intention to implement the mergers of the Group Companies incorporated in Italy in accordance with the Plan of Reorganisation.

PART 2

DETAILED ROLES AND RESPONSIBILITIES OF THE CEO AND THE MERGER INTEGRATION OFFICER

During the Merger Integration Period, the following matters shall be within the authority of the CEO and Merger Integration Officer respectively (except to the extent that they are Shareholder Reserved Matters or Board Reserved Matters in which case such matters shall require approval in accordance with Shareholder Approval or Board Approval, as the case may be, and subject in any event to the applicable law):

	CEO	Merger Integration Officer
1.	Responsible for One Company consolidated P&L	Co-responsible under the Merger Integration Plan and the Business Plan
2.	Co-responsible for the successful delivery of "One Company" under the Business Plan and Merger Integration Plan	Integrates outside vendors solutions pursuant to the Merger Integration Plan
3.	Receives functions, units and solutions out of 3 Italia and integrates same on Wind platform as directed in the Merger Integration Plan; or cuts functions/units/solutions out of Wind as directed in the Merger Integration Plan and exercises his authority to achieve the same. Responsible for implementing all redundancy programmes directed in the Merger Integration Plan in accordance with local laws. In relation to impacts of the Merger Integration Plan on functions, systems or resources supporting business conducted under the 3 Brand, the CEO is expected to rely on the knowledge, experience and responsibility of the Merger Integration Officer	Works specifically to smoothly integrate into systems under the 3 Brand functions, units and solutions adopted from Wind pursuant to the Merger Integration Plan; or cuts functions, units and solutions out of 3 Italia as directed in the Merger Integration Plan and exercises her authority to achieve the same.
4.	Responsible for balance sheet of One Company, its financing, tax, legal matters from the Effective Date	Head of the Integration Project Office – to be staffed appropriately with resources from Wind, 3 Italia and where appropriate, utilising the resource of outside consultants agreed by the Shareholders and the Company as well as internal resources of the Shareholders with relevant experience

5.	Responsible for rollout of network and technical platforms (not in violation of the Merger Integration Plan) and for all vendor and content relationships from the Effective Date (excluding vendors for integration projects/activities)	Updates all integration plans and agenda’s and projects (Network, IT, customer care, etc) for all users of such information
6.	Recommends to the Remuneration Committee, the HR Committee and the Board a detailed organisational structure for the Group and nominates candidates for appointment or for removal subject to the Board Reserved Matters and Shareholder Reserved Matters (as the case may be)	Reports monthly to the Merger Executive Committee and to the Monthly Chairman’s Review Meeting and escalates critical issues to the Board if faced with obstruction
7.	Responsible for the Infostrada businesses of Wind	Executes any divestments referred in the Merger Integration Plan
8.	Responsible for all pricing and products and go-to-market decisions under both the Wind and 3 Brands. The CEO is expected to rely on the knowledge, experience and responsibility of the Merger Integration Officer in relation to products and go to market decisions under the 3 Brand until 3 Italia’s business have been fully integrated into the Group as contemplated in the Merger Integration Plan	Collaborates with the CEO as regards the direction of internal management resources to achieve the Merger Integration Plan
9.	The CEO will be responsible to ensure full collaboration with the Merger Integration Officer in successfully implementing the Merger Integration Plan	

SCHEDULE 6

RESERVED MATTERS

PART 1

MATTERS REQUIRING MAJOR SHAREHOLDER APPROVAL

The following actions shall require the approval of the Major Shareholders (the **Shareholder Reserved Matters**):

1.	**Share issues and changes in share capital**	(a) The creation, allotment or issue of shares in the capital of a Group Company or of any other security by a Group Company or the granting of an option or right to subscribe in respect of those shares or other securities or convert any instrument into those shares or other securities (in each case other than by one Wholly Owned Subsidiary to another Wholly Owned Subsidiary); or (b) The reduction or alteration of the capital of any Group Company (including, without limitation, a purchase by a Group Company of its own shares or other securities);
2.	**Security interests and guarantees**	The creation of a security interest or the provision of a guarantee of indebtedness by any Group Company in an amount greater than or equal to 10% of the Total Assets;
3.	**Distributions**	The payment, determination or declaration by the Company or any Group Company of a Dividend or other distribution except in accordance with the distribution policy set out in clause 10.4, or any material amendments to or replacement of such policy;
4.	**Financing**	The entry by any Group Company into any commercial paper facility, bank loans or any other financing (or series of financings with the same party or group of related parties whether at one time or over a period of 12 months) (a **Debt Finance Arrangement**) or amendments to any existing Debt Finance Arrangement which in aggregate would result in the consolidated Financial Indebtedness of the Group Companies increasing by an amount greater than or equal to 10% of the Total Assets;
5.	**Changes to the Business Plan and Merger Integration Plan**	Any change to the Business Plan or Merger Integration Plan where the change is greater than 10% of the projected operating profit, EBITDA, or free cash flow of the Group (in the case of the Agreed Business Plan, in Scenario Two) for a Financial Year or which otherwise constitutes a material change to the Business Plan and/or to the Merger Integration Plan;
6.	**Related party transactions**	The entry into or the variation by any Group Company of any agreement with any director, officer or shareholder or any third party or group of third parties related to or associated with any director, officer or shareholder, and any payment in respect of any period after the Effective Date under any pre-existing agreement, commitment or arrangement with any director, officer or shareholder or any third party or group of third parties related to or associated with any director, officer or shareholder;

7.	**Sales and acquisitions**	The entry by one or more Group Companies into a transaction or series of related transactions (whether at one time or over a period of 12 months) involving the sale, lease or other disposal of any assets of any Group Company or the acquisition or lease of any assets not included in the Business Plan or Budget, for a total consideration or value greater than or equal to 10% of the Total Assets;
8.	**Reorganisations**	A merger, consolidation, amalgamation, conversion, reorganisation, scheme of arrangement, dissolution or liquidation involving any Group Company;
9.	**Merger or share acquisition**	Any merger of any Group Company or of the business of any Group Company with any third party or any acquisition or subscription by any Group Company of shares in an entity where the transaction value is greater than or equal to 10% of the Total Assets, except the subscription for shares in a newly incorporated entity which is to be a Wholly Owned Subsidiary of the Company;
10.	**Articles**	The making of any amendment to the Articles or equivalent constitutional document of any Group Company;
11.	**Auditors**	The appointment of, any change in, or removal of, auditors of a Group Company;
12.	**Winding up**	The making of an application or the commencement of any proceedings or the taking of any steps for the winding up, dissolution or appointment of an administrator of a Group Company;
13.	**Relocation**	Any decision to relocate the principal office or change the jurisdiction of the tax residence of any Group Company;
14.	**Contracts outside of the ordinary course of business**	The entry into, amendment or termination by a Group Company of material or long-term contract or arrangement (or series of contracts or arrangements with the same party or group of related parties whether at one time or over a period of 6 months) outside of the ordinary course of business (defined as provision of connectivity and related digital/other products and services) where the consideration under or the value of the contract or arrangement (or series of contracts or arrangements with the same party or any of its related parties) is greater than or equal to €50 million;
15.	**Accounting policies**	Any change to the accounting policies of any Group Company, other than where required by law or the applicable accounting standards or where the continuation of the existing policy would constitute a breach of such law or accounting standards;
16.	**Joint ventures and partnerships**	The entry by any Group Company into any joint venture, trust, partnership, profit sharing arrangement or consortium arrangement (each a **JV Arrangement**) where the revenue potential of the JV Arrangement to the Group over the first 5 years of operations is greater than or equal to 10% of the Group's annual revenue;
17.	**Litigation**	The commencement or settlement of any legal, arbitration or other proceedings (or series of proceedings in relation to similar facts, matters or circumstances whether at one time or over a period of 12 months) relating to any Group Company where the amount claimed is greater than or equal to €50 million or which is expected at the time of initiation to result in counterclaims or a series of counterclaims in an amount greater than or equal to €50 million;

18.	**Appointment/removal of MergeCo Directors, CEO, Merger Integration Officer, any change to the MD Delegation and any change to the form of employment agreement for a CEO**	The appointment or removal of MergeCo Directors, CEO, Merger Integration Officer, any change to the terms of their respective engagements, any change to the MD Delegation and any change to the form of employment agreement used for a CEO to the extent it departs from the form of employment agreed executed on or about the date hereof;
19.	**Long-term incentives**	The approval of the long-term incentives, key performance indicators and payout levels;
20.	**Approval of the Advisory Board**	Nomination, approval and compensation of members of the Advisory Board;
21.	**Agreed Fundamental Business Objectives**	Any change to the Agreed Fundamental Business Objectives;
22.	**Board**	Any change to the number of Directors;
23.	**Commitment**	Any action or decision of any kind whatsoever relating to a Commitment; and
24.	**Other agreed matters**	Any other matter which the Shareholders agree is to be a Shareholder Reserved Matter or which requires approval of the Shareholders as a matter of applicable law, in which case the Shareholders shall vote on such matter in accordance with this deed.

PART 2

MATTERS REQUIRING BOARD APPROVAL

The following actions shall require approval of the Board (the **Board Reserved Matters**):

1.	**Security interests and guarantees**	The creation of a security interest or the provision of a guarantee of indebtedness by any Group Company in an amount greater than €40 million but less than 10% of the Total Assets;
2.	**Financing**	The entry by any Group Company into any Debt Finance Arrangement or amendments to any existing Debt Finance Arrangement which in aggregate would result in the consolidated Financial Indebtedness of the Group Companies increasing by an amount greater than €40 million but less than 10% of the Total Assets;
3.	**Changes to the Budget**	The approval of and any change to the Budget, subject to clause 10.3(c);
4.	**Changes to the Business Plan and Merger Integration Plan**	Any change to the Business Plan or Merger Integration Plan where the change within any 12 month period is equal to or less than 10% of the operating profit or EBITDA/free cash flow of the Group (in the case of the Agreed Business Plan, in Scenario Two) for a Financial Year;
5.	**Sales and acquisitions**	The entry by one or more Group Companies into a transaction or series of related transactions (whether at one time or over a period of 12 months) involving the sale, lease or other disposal of any assets of any Group Company other than as agreed by the Shareholders in accordance with paragraph 4 above, or the acquisition or lease of any assets not included in the Business Plan or Budget, for a total consideration or value greater than €40 million but less than 10% of the Total Assets;
6.	**Merger or share acquisition**	Any merger of any Group Company or of the business of any Group Company with any third party or any acquisition or subscription by any Group Company of shares in an entity where: (a) the transaction value is greater than €40 million but less than 10% of the Total Assets; or (a) the subscription for or acquisition of shares is in a newly incorporated entity which is to be a Wholly Owned Subsidiary or another Group Company;
7.	**Contracts outside of the ordinary course of business**	The entry into, amendment or termination by a Group Company of any contract or arrangement (or series of contracts or arrangements with the same party or group of related parties whether at one time or over a period of 6 months) outside of the ordinary course of business (defined as provision of connectivity and related digital/other products and services) where (i) the consideration under or the value of the contract or arrangement (or series of contracts or arrangements with the same party or any of its related parties is greater than €10 million but less than €50 million; or (ii) the contract is of a long term nature;

8.	**Material contracts within the ordinary course**	The entry into, amendment or termination by a Group Company of any contract or arrangement (or series of contracts or arrangements with the same party or group of related parties whether at one time or over a period of 6 months) within the ordinary course of business (defined as not being the provision of connectivity and related digital/other products and services) where the consideration under or the value of the contract or arrangement (or series of contracts or arrangements with the same party or any of its related parties) is greater than €40 million;
9.	**Changes to the management structure**	Any organisational or reporting changes to the management structure of the Group Companies as proposed by CEO;
10.	**Joint ventures and partnerships**	The entry by any Group Company into any JV Arrangement where the revenue potential of the JV Arrangement to the Group over the first 5 years of operation is greater than €40 million but less than 10% of the Group's annual revenue;
11.	**Litigation**	The commencement or settlement of any legal, arbitration or other proceedings (or series of proceedings in relation to similar facts, matters or circumstances whether at one time or over a period of 12 months) relating to any Group Company where the amount claimed is greater than €10 million but less than €50 million or which is expected at the time of initiation to result in counterclaims or a series of counterclaims in an amount greater than €10 million but less than €50 million;
12.	**Appointment / removal of executives**	Appointment (as nominated by the CEO) or removal (as proposed by the CEO) (i) of the CFO, CTO, Head of HR, CCO and other direct reports to the CEO or (ii) of the CTO, CCO and other members at any time of the management board of WAHF, 3 Italia and/or the Group (other than the CEO), and the terms of their engagement;
13.	**Accounts**	The approval of the audited consolidated accounts of the Group Companies;
14.	**Long-term incentives**	The approval of the long-term key performance indicators and payout levels;
15.	**Distributions**	The payment, determination or declaration by the Company or a Group Company of a dividend or other distribution in accordance with the distribution policy set out in clause 10.4;
16.	**Strategy**	The approval of the strategy of the Group, including, but not limited to, marketing strategy, human resources strategy and / or responses to competitors;
17.	**Union issues**	The approval of the entry into and any material issues involving Trade Unions or other employee syndicates;
18.	**Investor relations**	The release of any investor relations' announcements;
19.	**Appointment of consultants or professional advisers**	Appointment or termination of appointment of consultants or professional advisers, where such appointment or termination has a value of more than €3 million;
20.	**Reporting requirements**	To set reporting requirements for the Group;

21.	**Suspension of activities**	The approval of the suspension, cessation or abandonment of any activity having an impact of more than €10 million; and
22.	**Other agreed matters**	Any other matter which the Shareholders agree is to be a Board Reserved Matter or which requires approval of the Board as a matter of applicable law, in which case the Board shall vote on such matter in accordance with this deed.

SCHEDULE 7

FORM OF DEED OF ADHERENCE

THIS DEED is made on ●

BY: **[●]** of [●] (the **New Party**).

IN FAVOUR OF: Those persons specified in paragraph 4 of this deed].

BACKGROUND:

(A) The New Party proposes to [purchase][subscribe for] [●] [ordinary] shares in the capital of [●] (the **Company**) [from [●]].

(B) This deed is made by the New Party in compliance with clause [●] of a shareholders' deed dated [●] between the Company, VIP, HET, the VIP Guarantor and the HET Guarantor (the **Shareholders' Deed**).

THIS DEED WITNESSES as follows:

1. The New Party confirms that it has been supplied with a copy of the Shareholders' Deed.

2. [The New Party hereby subscribes for [●] [ordinary shares] in the capital of the Company at a subscription price of [●] per share and agrees to become a member of the Company and to hold the shares subject to the Shareholders' Deed and the Articles.] **OR** [The New Party has agreed to purchase from [*insert seller party details*] [●] [ordinary shares] in the capital of the Company at a purchase price of [●] per share and agrees to become a member of the Company and to hold the shares subject to the Shareholders' Deed and the Articles.]

3. The New Party undertakes to be bound by the Shareholders' Deed in all respects as if the New Party was a party to the Shareholders' Deed and named in it as a Shareholder and to observe and perform all the provisions and obligations of the Shareholders' Deed applicable to or binding on a Shareholder under the Shareholders' Deed insofar as they fall to be observed or performed on or after the date of this deed.

4. This deed is made for the benefit of:

   (a) the parties to the Shareholders' Deed; and

   (b) every other person who after the date of the Shareholders' Deed (and whether before or after the execution of this deed) assumes any rights or obligations under the Shareholders' Deed or accedes to it.

5. Unless otherwise defined herein, all capitalised terms used in this deed shall have the meanings given to them in the Shareholders' Deed.

6. The address and email address of the New Party for the purposes of clause [28] of the Shareholders' Deed is as follows:

Address:	[●]]
Email:	[●]
For the attention of:	[●].

7. This deed and any non-contractual obligations arising out of or in connection with it are governed by the English law.

8. Any Dispute arising out of or in connection with this deed shall be settled in accordance with clause [31] of the Shareholders' Deed, which is deemed to be incorporated in full into this deed *mutatis mutandis* and for the purposes of clause 31.3 of the Shareholders' Deed as incorporated into this deed, the New Party irrevocably appoints [●] of [●] as its agent in England for service of process in relation to any such dispute.

IN WITNESS of which this deed has been executed and has been delivered on the date which appears first on page 1.

EXECUTED AS A DEED by [**COMPANY NAME**])
)

Signature of director	Signature of [director]/[company secretary][witness]
Name of director	Name of [director]/[company secretary][witness]

SCHEDULE 8

FORM OF BUY-SELL NOTICE

To: [*The Second Shareholder*]

From: [*The First Shareholder*]

Date: [●]

Dear Sirs

Buy-Sell Notice

We refer to clause 19 (*Buy-Sell Agreement*) of the shareholders' deed dated 6 August between Hutchison 3G Italy Investments S.à R.L., VimpelCom Luxembourg Holdings S.à R.L., Hutchison Europe Telecommunications S.à R.L., VimpelCom Ltd and CK Hutchison Holdings Limited (the **Shareholders' Deed**). Unless otherwise defined, capitalised terms below have the meaning given to them in the Shareholders' Deed.

We hereby serve notice in accordance with clause 19.1 of the Shareholders' Deed offering to buy all the Stapled Interests held by you (the **Buy-Sell Sale Shares**) (the **Offer**).

The proposed aggregate sale price of the Buy-Sell Sale Shares is €[●]. The consideration for the Buy-Sell Sale Shares shall be paid in cash on completion of the sale and not on deferred terms.

If you do not notify us in writing within 90 calendar days after the date of service of this Buy-Sell Notice of your agreement to sell the Buy-Sell Sale Shares or your intention to buy all of the Stapled Interests held by us on the same terms and conditions as the Buy-Sell Sale Shares, you shall be irrevocably deemed to have accepted this Buy-Sell Notice to sell the Buy-Sell Sale Shares in accordance with clause 19.5 of the Shareholders' Deed.

For and on behalf of
[*The First Shareholder*]

SCHEDULE 9

SUBSIDIARY GOVERNANCE PROVISIONS

1. Board of Statutory Auditors

(a) The board of statutory auditors of MergeCo shall comprise three standing members and two alternate members, appointed for a three-year term. Whenever MergeCo is required to appoint all members of the board of statutory auditors under the applicable law, the Company shall take all steps necessary for the appointment of one standing member and one alternate member proposed by each Major Shareholder of the Company (designated by the Shareholders in accordance with clause 6.7). The right to propose the third standing member of the board of statutory auditors will rotate between each Major Shareholder every time MergeCo is required to appoint all members of the board of statutory auditors under the applicable law. The Company shall take all steps necessary for the appointment of (i) the member so designated as third standing member of the board of statutory auditors; and (ii) the standing member proposed by the other Major Shareholder as chairman of the board of statutory auditors. The Major Shareholders shall agree the appointment of the first chairman.

(b) Should any member of the board of statutory auditors cease from his/her office for any reason whatsoever before the expiry of the term of appointment, the Company shall timely take all steps necessary to ensure that the composition of the board of statutory auditors complies with the provision of paragraph (a) above.

2. Group Companies

With respect to the Group Companies owned, directly or indirectly, by MergeCo, the Company shall use all its powers to ensure that, to the maximum extent possible under the applicable law:

(a) each Group Company, from time to time, shall have three directors (each such director being a **Group Company Director**);

(b) the Company shall from time to time take all necessary steps for:

(i) the appointment as a Group Company Director of one director representative of each Major Shareholder of the Company as nominated by the relevant Major Shareholder (the **Shareholder Nominated Group Company Directors**); and

(ii) the replacement of such Shareholder Nominated Group Company Directors as proposed by the relevant Major Shareholder who nominated the Group Company Director in accordance with paragraph 2(b)(i) above),

provided that the Company undertakes that it shall not cause the appointment of a Shareholder Nominated Group Company Director who is ineligible to be a director under any applicable law or any provision of the articles of association or equivalent of the relevant Group Company or is a Sanctioned Person, and in each case shall promptly take all steps necessary to replace any Shareholder Nominated Group Company Director who becomes ineligible or a Sanctioned Person;

(c) the other Group Company Director shall be the CEO;

(d) the Company shall procure that the Shareholder Nominated Group Company Directors and the CEO are formally appointed on the Effective Date as Group Company Directors at a shareholder meeting or by way of written resolution (to the extent permitted by law) and (ii)

the CEO is appointed as managing director (and, in the case of the Group Companies incorporated in Italy, *amministratore delegato*) at a board of directors' meeting, all the preceding in accordance with the articles of association or equivalent of the relevant Group Company;

(e) the Board of each Group Company shall have a chairman (each such chairman being a **Group Company Chairman**). The Company shall procure to appoint as the Group Company Chairman the relevant Shareholder Nominated Group Company Director who represents the Major Shareholder that proposed for appointment the then Chairman of the Company (and for the same term of the Chairman of the Company). The Group Company Chairman and vice-president shall not have a Casting Vote;

(f) where required by law or in accordance with the articles of association or equivalent of any relevant Group Company, the board of statutory auditors shall be composed by the same members of the board of statutory auditors of MergeCo; and

(g) consistent with clause 4.3 of this deed, the articles of association or equivalent of all relevant Group Companies shall be amended to reflect the requirement for the MergeCo Reserved Matters to be approved or authorised (as applicable) by a shareholders' resolution and that all steps are taken for the approval or authorization in respect of the MergeCo Reserved Matters (as applicable) to be escalated to the Company for consideration and final determination in accordance with the Reserved Matters and the provisions of this deed.

3. Management of the MergeCo Group

MergeCo's organisational structure shall comprise all the main corporate functions for a company of similar size and operating in the same business and be such as to allow it to operate as a standalone entity at all times. In this connection, except for those defined-term secondments from the Major Shareholders' respective groups that from time to time may be in the interests of the MergeCo Group, the management of the MergeCo Group shall at all times be composed exclusively of personnel employed by the MergeCo Group and be located in Italy.

SCHEDULE 10

TRIGGER EVENT PROVISIONS

1. Power of Attorney

Each of the Minority Shareholders authorises and grants to the Major Shareholder full power to exercise all rights in relation to its Shares in its absolute discretion, including (but not limited to):

(a) receiving notice, attending and voting at any Shareholders' Meeting or signing any resolution as the registered holder of the Shares;

(b) completing and returning proxy cards, consents to short notice and any other documents required to be signed by the registered holder of the Shares,

for the purpose of any vote on any matter which requires an approval of a majority of Shareholders, representing three quarters (75%) of the issued share capital of the Company, under Luxembourg law (a **Special Majority Approval**).

2. Voting Undertaking

If for any reason the authority granted under paragraph 1 above does not result in the Major Shareholder being able to achieve the Special Majority Approval, each of the Minority Shareholder(s) undertakes to attend all meetings of Shareholders of the Company in Luxembourg (a **Shareholders' Meeting**) and vote, as shareholders of the Company, as directed in writing by the Major Shareholder, on any vote on any matter which relates to a Special Majority Approval.

3. Delegation of authority

3.1 The Minority Shareholder(s) irrevocably and unconditionally (and by way of security for the performance of its obligations under this deed) appoints such persons as may be nominated by the Major Shareholder as its attorney and on its behalf to execute, deliver and carry out in its name or otherwise on its behalf all documents, acts and things which the attorney(s) may in its or their absolute discretion consider necessary or desirable to exercise the:

(a) rights of such Minority Shareholder in accordance with paragraph 1 above; and

(b) voting rights of such Minority Shareholder to vote as directed in writing by the Major Shareholder in accordance with paragraph 2 above which such Minority Shareholder is obliged, but fails, to effect in accordance with the directions of the Major Shareholder.

3.2 The appointment in paragraph 3.1 shall in all circumstances remain in force and be irrevocable until such time as the appointing Major Shareholder (together with its Permitted Transferees) ceases to have any obligations under this Schedule 10 and this deed (including without limitation those obligations set out in the Surviving Clauses which shall survive termination of this deed) but shall have no further effect after that date.

4. Related party transactions

4.1 The Major Shareholder shall procure that the Company shall provide all such information as may reasonably be required by a Minority Shareholder in relation to any agreements or arrangements entered into or to be entered into between a member of the Major Shareholder's group and any Group Company (a **Related Party Transaction**) for the sole purpose of confirming whether or not

they are on an arm's length terms and provided however that no such information shall be provided if the Company (acting reasonably) considers that it is legally privileged, could result in a breach by any Group Company of any agreement or would be materially prejudicial to the interests of the Group but in such circumstances, the Company shall (to the maximum extent it can provided it safeguards its own interests):

(a) take all steps reasonably requested by a Minority Shareholder to provide any relevant information; and

(b) co-operate with a Minority Shareholder regarding the provision of such information.

4.2 To the extent that a Group Company proposes to enter into a Related Party Transaction which is not on arm's length terms (in the determination of the Company acting reasonably), then neither the relevant member of the Major Shareholder's group nor the relevant Group Company shall be entitled to enter into such Related Party Transaction unless the Minority Shareholder, or if there is more than one Minority Shareholder then Shareholders holding a majority in number of the Shares held by such Minority Shareholders, gives prior written consent for it to do so.

5. Group distribution policy

(a) Subject to:

(i) any relevant statute and applicable law;

(ii) any mandatory debt repayment requirements of the Group;

(iii) compliance with any debt covenants of the Group or the terms of any subordination undertakings given by a Group Company under any Financing Documents, or replacement or new finance documents entered into by the Group from time to time; and

(iv) the forecast cash requirements of the Group,

the Company shall and the Shareholders shall procure that the Company shall distribute by way of Dividend, repayment of the FinCo Loan (in whole or in part) or otherwise an amount equal to at least 50% of consolidated free cash flow if net leverage of the Group for the trailing twelve month period at the end of two consecutive quarters (the **Deleveraging Level**) is below 3.0x EBITDA, provided that following such distribution the Group's net leverage remains below 3.0x last twelve months EBITDA. In the event a distribution of 50% free cash flow for the trailing twelve month period would result in net leverage in excess of 3x last twelve months EBITDA, the Company shall distribute such lesser amount, if any, as is consistent with maintaining net leverage not greater than 3x last twelve months (such amount being the **Minimum Annual Distribution**).

(b) Subject to and to the extent permitted by any relevant statute and applicable law, any mandatory debt repayment requirements of the Group and compliance with any debt covenants of the Group or the terms of any subordination undertakings given by a Group Company under any Financing Documents, or replacement or new finance documents entered into by the Group from time to time, the Company shall and the Shareholders shall procure that each other Group Company distributes the highest possible Dividend, shareholder loan repayment or otherwise transfers funds as are necessary in each calendar year to facilitate the payment of the Minimum Annual Distribution by the Company in accordance with and subject to the provisions of paragraph (a) above.

6. Right of First Offer

6.1 If at any time after the Trigger Event Date a Shareholder (the **Selling Shareholder**) wishes to sell any of its Stapled Interests (the **ROFO Shares**) other than to a Permitted Transferee, that Selling Shareholder must first give notice in writing (a **ROFO Offer** Notice) to the other Shareholder(s) (each a **ROFO Shareholder**), a copy of which shall be served on the Company and FinCo at the same time as notice as notice is given to the ROFO Shareholder(s). A ROFO Offer Notice shall specify:

(a) the number and class (as the case may be) of the ROFO Shares (pro rata between the number of ROFO Shares in the Company and the FinCo);

(b) a cash price per ROFO Share in Euros payable on completion of the purchase and not on deferred terms to be paid for each ROFO Share, which shall be the same for each ROFO Shareholder (the **ROFO Offer Price**); and

(c) that each ROFO Shareholder shall have 60 calendar days from the date of the ROFO Offer Notice (the **ROFO Offer Period**) in which to accept or to nominate another person to accept the ROFO Offer within which time if the ROFO Offer is not irrevocably accepted in writing it shall be deemed to have been irrevocably declined.

6.2 The giving of a ROFO Offer Notice to the ROFO Shareholders shall constitute an irrevocable offer by the Selling Shareholder to sell the ROFO Shares (pro rata between the number of ROFO Shares in the Company and in FinCo) to the ROFO Shareholders or such person as a ROFO Shareholder nominates for cash at the ROFO Offer Price set forth in the ROFO Offer Notice *pro rata* to the number of Shares held by each ROFO Shareholder divided by the number of Shares held by all ROFO Shareholders (the **Equity Proportion**) (or as nearly as may be) as at close of business on the day which is two Business Days prior to the date of the ROFO Offer Notice (calculated excluding the ROFO Shares of the Selling Shareholder) on the basis that each ROFO Shareholder or such person as a ROFO Shareholder nominates may take up all or part or none of the ROFO Shares offered to it (the **ROFO Offer**). Where any allocation of ROFO Shares pursuant to this paragraph 6 would result in a fractional allotment of ROFO Shares the number of ROFO Shares shall be rounded down such that the offers or allotments of ROFO Shares by the Selling Shareholder are of whole numbers of ROFO Shares.

6.3 Any ROFO Shareholder who does not accept the offer within the ROFO Offer Period shall be deemed to have irrevocably declined the offer in full.

6.4 Each ROFO Shareholder who irrevocably accepts the ROFO Offer by written notice to the Selling Shareholder prior to expiry of the ROFO Offer Period, may state that it would irrevocably accept or nominate another person to accept irrevocably, on the same terms, ROFO Shares (specifying a maximum number) that are not accepted by other ROFO Shareholders (**Excess ROFO Shares**).

6.5 Excess ROFO Shares (if any) shall be allocated to each ROFO Shareholder or such person as a ROFO Shareholder nominates who has indicated that it shall accept Excess ROFO Shares *pro rata* to the Equity Proportions (or as nearly as may be) of all those ROFO Shareholders who have indicated that they would accept Excess ROFO Shares (provided that no ROFO Shareholder shall be allocated more than the maximum number of Excess ROFO Shares that it has indicated it is willing to accept). If, after the first allocation of Excess ROFO Shares, there remain Excess ROFO Shares which have not been allocated and one or more ROFO Shareholders or such person as a ROFO Shareholder nominates have indicated in their response to the ROFO Offer Notice that they shall accept more Excess ROFO Shares than they have been allocated (the **Remaining ROFO Shareholders**), the remaining Excess ROFO Shares shall be allocated to the Remaining ROFO Shareholders or such person as a ROFO Shareholder nominates *pro rata* to the Equity Proportions (or as nearly as may be)

of the Remaining ROFO Shareholders and Excess ROFO Shares shall continue to be allocated on this basis until all Excess ROFO Shares are allocated or all requests for Excess ROFO Shares have been satisfied (provided that, in each case, no ROFO Shareholder shall be allocated more than the maximum number of Excess ROFO Shares that it has indicated it is willing to accept).

6.6 Following expiry of the ROFO Offer Period and receipt of an acceptance or refusal (including deemed refusal in accordance with paragraph 6.3) of every offer made by the Selling Shareholder, if the Selling Shareholder has not received acceptances in respect of all of the ROFO Shares, it shall:

(a) in accordance with paragraph 6.7, be entitled to sell the remaining ROFO Shares to any person at a price no less than the ROFO Offer Price per ROFO Share set out in the ROFO Offer Notice; and

(b) be entitled to request from the Company, and the Shareholders shall procure that the Company complies with such request, at the sole cost of the Selling Shareholder, that such Group financial and due diligence information (excluding, for the avoidance of doubt, any legally privileged or commercially sensitive information or information which, if disclosed, would result in any member of the Group breaching any applicable competition or other laws or any of its commercial arrangements with any third party) reasonably required by the Selling Shareholder in order to obtain an offer to purchase the ROFO Shares (the **Company Information**) from any prospective third party purchaser(s) that is not an Affiliate of any Shareholder (the **Qualifying Third Party ROFO Purchaser**) is made available to the Qualifying Third Party ROFO Purchaser(s) via an electronic data room;

(c) disclose the identity of any Qualifying Third Party ROFO Purchaser(s) to the Company and the other Shareholders prior to disclosure of any Company Information to any Qualifying Third Party ROFO Purchaser and, if the Selling Shareholder is proposing to sell its entire 50 per cent. holding of Stapled Interests, obtain the consent of the other Shareholders to proceed with the disclosure of Company Information (such consent not to be unreasonably withheld or delayed); and

(d) upon receiving Shareholder consent in compliance with paragraph (c) above (if required), and subject to such Qualifying Third Party ROFO Purchaser(s) entering into confidentiality undertakings with the Company and with the Selling Shareholder on terms that give at least the same level of protection for that information as clause 25 of this deed or on such other terms as the Company approves, acting reasonably, the Company shall disclose the Company Information to the Qualifying Third Party ROFO Purchaser(s) pursuant to this paragraph 6.6 in an electronic data room. For the avoidance of doubt, this paragraph 6.6 does not permit the Selling Shareholder to disclose information relating to another Shareholder or its Affiliates other than the identity of a Shareholder and its Equity Proportion or information that is in the public domain.

6.7 The sale of ROFO Shares to a ROFO Shareholder (in accordance with paragraphs 6.4 or 6.5) or any other person (in accordance with paragraph 6.6) shall be on the following terms:

(a) the ROFO Shares shall be sold free from Encumbrances;

(b) the Selling Shareholder shall deliver to the transferee duly executed transfers in favour of the transferee, or as it or they may direct, together with, if appropriate, certificate(s) for the relevant ROFO Shares and against delivery of which the transferee shall pay the consideration for the relevant ROFO Shares in cleared funds for value on the relevant completion date;

(c) the Shareholders shall (insofar as they are able) procure that the Company and FinCo shall register the relevant transfers in the name of the transferee or as it may direct;

(d) the Selling Shareholder shall comply with its obligations (if any) under clause 14.7;

(e) in the case of a sale to a ROFO Shareholder, the sale shall be completed:

(i) at the registered office of the Company on the date that is 20 Business Days of the expiry of the ROFO Offer Period or at such other place or such other date as the Selling Shareholder and the ROFO Shareholder agree in writing; or

(ii) if mandatory regulatory consents (if any) are not obtained within 20 Business Days of the expiry of the ROFO Offer Period, within ten Business Days of such consents being obtained, provided that if the sale has not completed on or prior to the date which is six months from the end of the ROFO Offer Period (or such extended period as may be agreed in writing between the Selling Shareholder and the ROFO Shareholder), the ROFO Offer Notice shall lapse and cease to be effective (and the Selling Shareholder shall, in accordance with paragraph 6.6, be entitled to sell the ROFO Shares to any person on terms no more favourable to that person than those set out in the ROFO Offer Notice); and

(f) in the case of a sale to any person who is not a ROFO Shareholder:

(i) if the transferee is not a party to this deed, the transferee shall execute and deliver to the Shareholders, the Company and FinCo a Deed of Adherence as a Shareholder; and

(ii) the sale shall be completed:

(A) within three months of the expiry of the ROFO Offer Period; or

(B) if mandatory regulatory consents (if any) are not obtained within three months of the expiry of the ROFO Offer Period, within ten Business Days of such consents being obtained, provided that if the sale has not completed on or prior to the date which is twelve months from the end of the ROFO Offer Period, the sale shall be terminated and the Selling Shareholder shall not be permitted to sell the relevant ROFO Shares unless the process contemplated by this paragraph 6 is repeated following service of a new ROFO Offer Notice.

6.8 Before the Selling Shareholder transfers any ROFO Shares to the Qualifying Third Party ROFO Purchaser, unless the Shareholders agree otherwise, the Selling Shareholder must cause the Qualifying Third Party ROFO Purchaser to provide the following unqualified representations and undertakings:

(a) it is not a Government Official, as such term is defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended (the **FCPA**); and

(b) neither it nor the person it has nominated to accept the ROFO Offer is subject to any action, proceeding, suit or formal investigation by any governmental authority with regards to any actual or alleged violation of any anti-corruption or anti-bribery laws, regulations or binding guidelines, including the FCPA and the UK Bribery Act 2010 (collectively, **Anti-Corruption Laws**).

7. Tag along and drag along rights

7.1 Following a Trigger Event, no Major Shareholder (the **Transferring Shareholder**) shall Dispose of any Stapled Interests (a **Proposed Transfer**) unless:

(a) the Proposed Transfer is made to a Permitted Transferee where such transfer does not trigger a default or change of control under the Financing Documents (where default and change of control shall have the meanings given in the relevant Financing Document) and the Permitted Transferee first executes and delivers to the Company and the remaining Shareholders a Deed of Adherence; or

(b) an offer (a **Tag Along Offer**) has been made by a proposed transferee (the **Transferee**) to all the other Shareholders to acquire such proportion of their Stapled Interests as equals the aggregate proportion of the number of Stapled Interests the Transferring Shareholder proposes to transfer pursuant to the Proposed Transfer (the **Proportional Shares**) on the terms set out below in paragraph 7.3; or

(c) if the Proposed Transfer would (whether through a single transaction or a series of transactions) result in any person who is not a bona fide third party purchaser obtaining a Controlling Interest in the Company (a **Third Party Purchaser**), a notice (a **Drag Along Notice**) is issued by the Transferring Shareholder (the **Drag Along Seller**) to the other Shareholders (the **Compulsory Sellers**) to transfer all (but not some only) of the Compulsory Sellers' Stapled Interests (the **Drag Along Shares**) in accordance with paragraph 7.6 below (before or at the same time as the Proposed Transfer),

subject in the case of paragraphs (b) and (c) above to the prior operation of the provisions of paragraph 6; or

(d) the Proposed Transfer is made in connection with a Listing.

7.2 For the avoidance of doubt, no Tag Along Offer shall be required to be made if a Drag Along Notice has been served.

Tag along rights

7.3 A Tag Along Offer shall be in writing addressed to all the other Shareholders to whom the Tag Along Offer is made (a **Tag Along Notice**) and shall:

(a) be subject only to:

(i) a condition that the Proposed Transfer will be completed in accordance with its terms and this paragraph 7; and

(ii) any mandatory regulatory consents required in relation to the Proposed Transfer that is not already a term of the Proposed Transfer (the **Tag Shareholder Specific Condition**) notified by the relevant Shareholder at the time it accepts the Tag Along Offer in accordance with paragraph (c) below (the **Tagging Shareholder**);

(b) describe all terms and conditions of such offer which shall be limited to:

(i) include the number of Proportional Shares proposed to be acquired by the Transferee; and

(ii) except for any Compulsory Seller Specific Condition, be on the same terms and for the same consideration per Share as the Proposed Transfer including any warranties

and indemnities to be given by the Tagging Shareholder in relation to the Proportional Shares that are also being given by the Transferring Shareholder in relation to the Proposed Transfer provided that (i) the aggregate liability of any Tagging Shareholder in respect of the transfer of its Proportional Shares (including any warranties and indemnities) shall not exceed, in aggregate, the sale consideration payable to that Tagging Shareholder, (ii) the liability of each Tagging Shareholder shall be several (not joint and several) with the Transferring Shareholder and any other Tagging Shareholder and (iii) the aggregate maximum liability of a Tagging Shareholder shall be no more than the product of the value of Proportional Shares divided by all of the Stapled Interests to be transferred by the Transferring Shareholder to the Transferee multiplied by the aggregate liability of the Transferring Shareholder; and

(c) be open for acceptance by the relevant Shareholder for a period of not less than 20 Business Days after its receipt of the Tag Along Notice by the Shareholder giving notice of acceptance in writing to the Transferee,

such terms being the terms of the Tag Along Offer (the **Tag Terms**).

7.4 Subject to paragraph 7.5 below, the transfer of Proportional Shares by each Tagging Shareholder to the Transferee shall be completed at the same time as the Proposed Transfer and the Tagging Shareholders shall be bound to sell the relevant Proportional Shares, on the Tag Terms, pursuant to the Tag Along Offer and their acceptance of it and this paragraph 7.

7.5 If any Tag Shareholder Specific Condition is not satisfied on or prior to the date that is six months following the date of acceptance by the Tagging Shareholder of the Tag Along Notice, then unless the Transferee and the Tagging Shareholder that is subject to such Tag Shareholder Specific Condition agree otherwise any obligation on, or agreement by, the Transferee to acquire that Tagging Shareholder's Proportional Shares and the Tag Along Offer made to such Tagging Shareholder (and such Tagging Shareholder's acceptance of it) shall lapse and cease to be effective and the Proposed Transfer may proceed as if no Tag Along Offer had been made.

Drag along rights

7.6 The Compulsory Sellers shall, if so required by the Drag Along Seller by issue of a Drag Along Notice at any time before or at the same time as the Proposed Transfer, transfer (on such date, being no earlier than the date of the Proposed Transfer by the Drag Along Seller of its Stapled Interests, which shall be specified by the Drag Along Seller in the Drag Along Notice or otherwise) all of their Stapled Interests to the Third Party Purchaser (the **Drag Along Offer**) on the terms and subject to the conditions set out in paragraph 7.7 below.

7.7 In relation to any transfer of Shares by a Compulsory Seller to the Third Party Purchaser pursuant to this paragraph 7.7:

(a) such transfer shall be subject only to:

(i) a condition that the Proposed Transfer is completed in accordance with its terms and this paragraph 7;

(ii) any mandatory regulatory consents required in relation to that Proposed Transfer that is not already a term of the Proposed Transfer (the **Compulsory Seller Specific Condition**) notified by the relevant Compulsory Seller to the Drag Along Seller within five Business Days of receipt of the Drag Along Notice; and

(iii) an opinion given by a reputable investment bank (which has not advised any party in relation to the creation of the joint venture or to the Proposed Transfer) opining in its absolute discretion that the consideration for the Proposed Transfer is fair (the **Fairness Opinion**); and

(b) such transfer shall, except for any Compulsory Seller Specific Condition and provided the consideration per Share in the Proposed Transfer is deemed fair in the Fairness Opinion, be on the same terms and for the same consideration per Share as the Proposed Transfer including any warranties and indemnities to be given by the Drag Along Seller in relation to the transfer of Shares by the Compulsory Seller that are also being given by the Drag Along Seller in relation to the Proposed Transfer provided that (i) the aggregate liability of any Compulsory Seller in respect of the transfer of its Shares (including any warranties and indemnities) shall not exceed, in aggregate, the sale consideration payable to that Compulsory Seller, (ii) the liability of each Compulsory Seller shall be several (not joint and several) with the Drag Along Seller and any other Compulsory Seller and (iii) the maximum aggregate liability of a Compulsory Seller shall be no more than the product of the value of Drag Along Shares divided by all of the Stapled Interests to be transferred by the Drag Along Seller to the Third Party Purchaser multiplied by the aggregate liability of the Drag Along Seller,

such terms being the terms of the Drag Along Offer (the **Drag Terms**).

7.8 Each Compulsory Seller shall execute and send or make available to the Drag Along Seller all documents required to be executed in connection with the transfer of its Stapled Interests to the Third Party Purchaser within 10 Business Days after receipt of the Drag Along Notice (or any longer period to which the Drag Along Seller may agree).

7.9 Subject to paragraph 7.10 below, the transfer of Stapled Interests by each Compulsory Seller to the Third Party Purchaser shall be completed at the same time as the Proposed Transfer and the Compulsory Sellers shall be bound to sell their relevant Stapled Interests, on the Drag Terms, pursuant to the Drag Along Offer and their acceptance of it and this paragraph 7.

7.10 Any transfer of Stapled Interests by a Compulsory Seller to the Third Party Purchaser that is subject to a Compulsory Seller Specific Condition which is not satisfied prior to the date that is six months following the date of the Drag Along Notice shall not be completed in accordance with paragraph 7.9 and the Drag Along Notice in respect of that Compulsory Seller shall lapse and cease to be effective in relation to those Shares the transfer of which is subject to the Compulsory Seller Specific Condition.

8. Duration

(a) Any voting undertaking set forth in this Schedule 10 shall be valid and in full force and effect for an initial duration of ten years from the later of the Trigger Event Date and the date on which a person becomes a Shareholder and bound by the voting undertaking. The Shareholders undertake to use all reasonable endeavours to renew such voting undertakings for further successive ten year periods (or such other durations as the Shareholders may agree) until termination of this deed, and will commence discussions for the purposes of renewing such voting undertakings at least 6 months prior to the expiry of the relevant term.

(b) The Shareholders hereby agree that this voting arrangement is in the interest and for the benefit of the Company and all Shareholders and is reasonable. However, notwithstanding anything contained in this deed to the contrary, if any such voting undertaking is determined to be invalid or voidable under Luxembourg law due to its duration, the duration of such voting undertaking shall be reduced to the maximum duration possible without rendering such voting agreement invalid or voidable under Luxembourg law.

For the purposes of this Schedule 10:

Compulsory Seller Specific Condition has the meaning given in paragraph 7.7 of this Schedule 10;

Compulsory Sellers has the meaning given in paragraph 7.1 of this Schedule 10;

Deleveraging Level has the meaning given in clause 5 of this Schedule 10;

Drag Along Notice has the meaning given in paragraph 7.1 of this Schedule 10;

Drag Along Offer has the meaning given in paragraph 7.6 of this Schedule 10;

Drag Along Seller has the meaning given in paragraph 7.1 of this Schedule 10;

Drag Terms has the meaning given in paragraph 7.7 of this Schedule 10;

Excess ROFO Shares has the meaning given to it in paragraph 6.4;

Listing means the admission to listing of any of the equity shares in the Company on any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);

Minimum Annual Distribution has the meaning given in clause 5 of this Schedule 10;

Minority Shareholder means any Shareholder other than a Major Shareholder (or its Permitted Transferees or Affiliates);

Proportional Shares has the meaning given in paragraph 7.1 of this Schedule 10;

Proposed Transfer has the meaning given in paragraph 7.1 of this Schedule 10;

Related Party Transaction has the meaning given in paragraph 4.1 of this Schedule 10;

ROFO Offer has the meaning given to it in paragraph 6.2;

Special Majority Approval has the meaning given in paragraph 1 of this Schedule 10;

Tag Along Notice has the meaning given in paragraph 7.3 of this Schedule 10;

Tag Along Offer has the meaning given in paragraph 7.1 of this Schedule 10;

Tag Shareholder Specific Condition has the meaning given in paragraph 7.3 of this Schedule 10;

Tag Terms has the meaning given in paragraph 7.3 of this Schedule 10;

Tagging Shareholder has the meaning given in paragraph 7.3 of this Schedule 10;

Third Party Purchaser has the meaning given in paragraph 7.1 of this Schedule 10;

Transferee has the meaning given in paragraph 7.1 of this Schedule 10; and

Transferring Shareholder has the meaning given in paragraph 7.1 of this Schedule 10.

SCHEDULE 11

DEFINITIONS AND INTERPRETATION

1. Definitions

In this deed:

3 Italia has the meaning given to it in the Contribution and Framework Agreement;

Accounting Standards means International Financial Reporting Standards (**IFRS**)**;**

Acquired Business has the meaning given in clause 23.2;

Acquired Competing Business has the meaning given in clause 23.2;

Advisory Board means the standing board established and maintained in accordance with clause 5.12;

Affiliate means:

(a) in respect of any entity, a second entity that:

  (i) Controls the first entity;

  (ii) is under the Control of the first entity; or

  (iii) is under the Control of a third entity that Controls the first entity;

(b) in respect of any body corporate:

  (i) any Affiliate within the meaning of paragraph (a) above; and

  (ii) any shareholder or director of that body corporate;

Aggregate Partial-Share Purchase Price has the meaning given in clause 15.5;

Aggregate Remaining Share Purchase Price has the meaning given in clause 15.8;

Aggregate ROFO Share Price has the meaning given in clause 15.1;

Agreed Form means, in relation to any documents, the form of that document which is initialled for the purposes of identification by or on behalf of each of the parties;

Agreed Business Plan has the meaning given to it in the Contribution and Framework Agreement;

Agreed Fundamental Business Objectives has the meaning given in Schedule 2;

All-Share ROFO Completion Date has the meaning given in clause 15.3;

All-Share ROFO Response Notice has the meaning given in clause 15.3;

Anti-Corruption Laws has the meaning given in clause 15.12;

Anti-Corruption Policies has the meaning given in clause 18;

Appointer has the meaning given in clause 5.2;

Approved Investment Banker means a qualified investment banking firm of international reputation and standing that has not previously advised any party in connection with the transactions referred to in the Transaction Documents and, if the Shareholders are unable to agree on the identity of the approved investment banker within 20 Business Days, or if the person appointed is unable or unwilling to act, an appropriate investment banker shall be nominated by the President of the time being of the London Investment Banking Association on the application of any Shareholder. The Shareholders shall co-operate in good faith to do everything necessary to procure the effective appointment of the investment banking firm. The Shareholders shall agree terms of engagement with the nominated investment banking firm as soon as reasonably practicable after the investment banking firm is nominated and shall not withhold or delay their consent to such terms if they are reasonable and consistent with the provisions of this deed. The Shareholders shall counter-sign the terms of appointment as soon as they are agreed and shall be jointly liable for all fees, costs and expenses relating to the Approved Investment Banker;

Articles means the articles of association of the Company, as amended from time to time;

Audit Committee means the committee of the Board established and maintained in accordance with clause 5.8;

Audit Committee Terms of Reference means the terms of reference of the Audit Committee from time to time, the first set of which shall be in Agreed Form;

Basis of preparation of the consolidated financial statements means the accounting policies of the Group in the Agreed Form;

Board means the board of managers of the Company;

Board Approval means an approval given in accordance with clause 8.3;

Board Reserved Matters means, in respect of the Company, any matter set out in Part 2 of Schedule 6;

Breach Exercise Notice has the meaning given to it in clause 14.5;

Breach Notice has the meaning given in clause 14.5(a)(i);

Budget means the budget for the MergeCo Group for a Financial Year set under clause 10, the first of which shall be the Initial Budget;

Business means the business of operating and maintaining retail and/or wholesale (either as a network operator, mobile virtual network operator or reseller) mobile telecommunications services, fixed line telecommunication services, internet telecommunications services, mobile broadband services, digital mobile video services, fixed line broadband services and/or data services and any ancillary or related activities from time to time in Italy;

Business Day means a day other than a Saturday, Sunday or public holiday on which banks are generally open in London, Milan, Amsterdam and Hong Kong for normal business;

Business Plan means the business plan of the MergeCo Group, on a rolling three year basis set under clause 10, the first of which shall be the Agreed Business Plan;

Buy-Sell Completion Shares has the meaning given in clause 19.6;

Buy-Sell Notice has the meaning given in clause 19.1(a);

Buy-Sell Price has the meaning given in clause 19.1;

Buy-Sell Sale Shares has the meaning given in clause 19.1;

Buy-Sell Shares has the meaning given in clause 19.1(a);

Buyer has the meaning given in clause 19.6;

Capital Lease Obligations means any obligations that are required to be classified and accounted for as a finance lease for financial reporting purposes in accordance with IFRS, and the amount of indebtedness represented by such obligations will be the capitalised amount of such obligation at the time any determination is to be made as determined in accordance with IFRS;

Casting Vote means a second casting vote to decide the outcome of a board decision in circumstances where a deadlock vote of the board occurs, being a vote where 50% of votes is cast in favour, and 50% of votes is cast against, a resolution put to the board;

CEO means the position of chief executive officer of MergeCo from time to time appointed by the Shareholders in accordance with clause 6.2;

CFO means the chief financial officer of MergeCo from time to time appointed by the Shareholders in accordance with clause 8.3;

Chairman has the mean given in clause 5.6(a);

Change of Control means:

(a) the Ultimate Beneficial Shareholder ceases, directly or indirectly through one or more Controlled Subsidiaries, to Control the relevant Shareholder; or

(b) the Ultimate Beneficial Shareholder ceases, directly or indirectly through one or more Controlled Subsidiaries, to retain a Minimum Economic Commitment in the relevant Shareholder;

Commitment has the meaning given to it in clause 10.2 of the Contribution and Framework Agreement;

Company Information has the meaning given in clause 15.5;

Contribution and Framework Agreement mean the contribution and framework agreement dated on or about the date of this deed between HET, VIP, the Company, the VIP Guarantor and the HET Guarantor;

Control means:

(a) owning or controlling more than 50% of the voting share capital of the relevant undertaking; or

(b) being able to direct the casting of more than 50% of the votes exercisable at general meetings of the relevant undertaking on all, or substantially all, matters; or

(c) having the right to appoint or remove directors of the relevant undertaking holding a majority of the voting rights at meetings of the board on all, or substantially all, matters; and

(d) having the power to determine the conduct of business affairs of an undertaking (whether through ownership of equity interest or partnership or other ownership interests, by contract or otherwise),

and **Controlled** and **Controlling Interest** shall have a corresponding meaning;

Cooling-Off Period has the meaning given in clause 19.1(b);

Debt Finance Arrangement has the meaning given in Part 1 of Schedule 6;

Deed of Adherence means a deed of adherence to this deed to be executed by any transferee of a Share substantially in the form set out in Schedule 7;

Defaulting Guarantor has the meaning given to it in clause 14.5;

Defaulting Shareholder has the meaning given to it in clause 14.5;

Defaulting Transferee has the meaning given to it in clause 14.5;

Deleveraging Level has the meaning given in clause 10.4(a)(vii)(A);

Director means a manager (*gérant*) of the Company;

Director Notice has the meaning given in clause 5.4;

Discloser has the meaning given in clause 25.4;

Dispose means, in relation to any Stapled Interest:

(a) to sell, transfer (including any Indirect Transfer), Encumber, assign, swap, surrender, gift, declare a trust over, or otherwise dispose of, any legal, equitable or economic interest in any such Stapled Interest;

(b) to do anything which has the effect of placing a person in substantially the same position as that person would have been in, had any of the things mentioned in paragraph (a) above been done; or

(c) to authorise, agree to or attempt to do any of the things mentioned in paragraph (a) or (b) above,

and the term **Disposal** has a corresponding meaning;

Dispute means any dispute, claim, difference or controversy arising out of, relating to or having any connection with this deed, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it;

Dispute Meeting has the meaning given to it in paragraph 2.3 of Schedule 5;

Dispute Meeting Minutes has the meaning given to it in paragraph 2.3 of Schedule 5;

Dispute Notice has the meaning given to it in paragraph 2.3 of Schedule 5;

Disputing Executives has the meaning given to it in paragraph 2.3 of Schedule 5;

Divestment Period has the meaning given in clause 23.2;

Dividend includes a dividend, bonus issue or other distribution or return of capital (in each case) in kind or in cash;

EBITDA means in relation to any relevant period, the total consolidated profit for the period from continuing operations (which, for the avoidance of doubt, excludes amounts attributable to non-controlling interests in Subsidiaries) of the Company, as applicable, for that Relevant Period:

(a) before taking into account:

  (i) Finance costs;

  (ii) Finance income;

  (iii) Other non-operating gains/losses;

  (iv) Income tax expense;

  (v) Net foreign exchange gain/loss;

  (vi) Gain/loss from disposal of non-current assets;

  (vii) Share of the profit/loss of associates and joint ventures accounted for using the equity method; and

(b) after adding back all amounts provided for depreciation, amortization and impairment for that relevant period, as determined from the consolidated financial statements of the Company prepared in accordance with the Accounting Standards and the Basis of preparation of the consolidated financial statements;

Economic Sanctions Laws has the meaning given to it in the Contribution and Framework Agreement;

Effective Date means the time and date on which this deed takes effect, occurring upon completion taking place in accordance with clause 22.2 of the Contribution and Framework Agreement;

Encumber means creating or allowing to exist or agreeing to create or agreeing to allow to exist any mortgage, charge (fixed or floating), pledge, lien, option, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or any other security interest of any kind, including retention arrangements;

Encumbrance means any mortgage, charge (fixed or floating), pledge, lien, option, right to acquire, right of pre-emption, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or any other security interest of any kind, and any agreement to create any of the above;

Equity Proportion means, in relation to a Shareholder, the total number of Shares held by that Shareholder divided by the total number of Shares in issue, expressed as a percentage;

Executive has the meaning given to it in paragraph 2.3 of Schedule 5;

Fair Market Value means the fair market value of the Stapled Interests on a sale as between a willing seller and a willing purchaser (taking no account of whether the Stapled Interests do or do not carry control of the Company or FinCo (as applicable)), either (a) as agreed by the Shareholders, or (b) if the Shareholders cannot agree within 20 Business Days, as determined by an Approved Investment Banker whose decision shall be final and binding;

FCPA means the U.S. Foreign Corrupt Practices Act of 1977;

Financial Indebtedness means, without duplication, any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any acceptance credit or bill discounting facility including any dematerialized equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) Capital Lease Obligations;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis, or on a limited recourse basis where recourse is limited to customary guarantees of title);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) Hedging Obligations;

(h) the maximum redemption amount of shares which are expressed to be redeemable;

(i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above, provided that Financial Indebtedness includes indebtedness in respect of any obligation to pay the deferred and unpaid purchase price of assets or services only if the relevant purchase price is due more than twelve Months after the earlier of the date of placing such assets in service or taking delivery of or title to such assets, or the completion of such services,

For the avoidance of doubt, Financial Indebtedness does not include (i) counter-indemnity obligations in respect of any indemnity or performance guarantee issued by a bank, entered into on arm's length terms in the ordinary course of business and not otherwise having been issued in respect of Financial Indebtedness, (ii) amounts in respect of accounts payable or other indebtedness owing to trade creditors in the ordinary course of trading in connection with the acquisition of goods or services; (iii) any Tax liabilities (and for this purpose Tax has the meaning given to it in the Contribution and Framework Agreement); (iv) amounts in respect of obligations arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case incurred or assumed in connection with the disposition of any business, assets or capital stock or other equity securities, provided that the aggregate amount of the liabilities incurred under this paragraph (iv) shall at no time exceed the gross proceeds actually received in connection with such disposition; and (v) amounts in respect of obligations of any persons (A) arising from the honoring by a bank or other financial institution of a cheque, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business, provided that such obligations are extinguished within two Business Days of their incurrence unless covered by an overdraft line; and (B) resulting from the endorsement of negotiable instruments for collection in the ordinary course of business and consistent with past business practices;

Financial Year means a period starting on 1 January of any year and ending on 31 December of the same year;

Financing Documents means the Finance Documents, any Subordinated Document, and any document evidencing (or guaranteeing) any Financial Indebtedness on substantially similar terms as the Subordinated Documents (for the purposes of this definition, capitalised terms have the meaning ascribed to such terms in the Priority Agreement);

FinCo means a private company limited by shares to be incorporated in Ireland on or prior to the Effective Date in accordance with the Contribution and Framework Agreement;

FinCo Loan means an interest free loan from FinCo to the Company with a principal amount of approximately EUR5.1 billion following the novation of the Existing HET Loan as part of the HET Secondary Contribution and VIP Secondary Contribution (each as defined in the Contribution and Framework Agreement) prior to the Effective Date;

First ROFO Notice has the meaning given in clause 15.14;

First Shareholder has the meaning given in clause 19.1(a);

Global Procurement Contract has the meaning given in clause 21.5(a);

Group means the Company and its Subsidiaries from time to time and **Group Company** means any of them;

group means an Ultimate Holding Company and its Subsidiaries and **group member** has a corresponding meaning;

Group Company Chairman has the meaning given in Schedule 9, paragraph 2(e);

Group Company Director has the meaning given in Schedule 9, paragraph 2(a);

Guarantor Breach Exercise Notice has the meaning given to it clause 14.5;

Guarantor Breach Notice has the meaning given in clause 14.5(b)(i);

Hedging Obligations means, with respect to any Group Company, the obligations of such Company under:

(a) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(b) other agreements or arrangements intended to manage interest rates or interest rate risk;

(c) other agreements or arrangements intended to protect such Group Company against fluctuations in currency exchange rates or commodity prices; and

(d) other agreements or arrangements intended to protect such Group Company against operating exposures (including but not limited to hedging in respect of energy prices and inflation risk);

HET Representative has the meaning given in clause 19.1;

HR & Remuneration Committee means the committee of the Board established and maintained in accordance with clause 5.9;

HR & Remuneration Committee Terms of Reference means the terms of reference of the HR & Remuneration Committee from time to time, the first set of which shall be in Agreed Form;

Indirect Transfer means a sale, transfer, Encumbrance, assignment, swap, surrender, gift, declaration of a trust over, or other disposal, directly or indirectly, of a legal, beneficial or economic interest in or over any shares or securities by any person other than by a Shareholder in relation to any Stapled Interests;

Indirect Defaulting Shareholder has the meaning given in clause 14.5(b)(ii);

Individual ROFO Share Price has the meaning given in clause 15.1;

Initial Budget means the initial budget of the MergeCo Group for the 12 months following the Effective Date consistent with the Business Plan and to be agreed by the Shareholders in good faith prior to the Effective Date;

Insolvency Event means, in respect of any person:

(a) the person is unable to, or states that it is unable to, pay its debts as they fall due or stops or threatens to stop paying its debts as they fall due;

(b) any indebtedness of the person is subject to a moratorium;

(c) a liquidator, provisional liquidator or administrator has been appointed to any property of the person or an event occurs which gives any other person a right to seek such an appointment;

(d) an order has been made, a resolution has been passed or proposed in a notice of meeting or in an announcement to any recognised securities exchange, or an application to court has been made for the winding-up or dissolution of the person or for the entry into of any arrangement, compromise or composition with, or assignment for the benefit of, creditors of the person or any class of them;

(e) a security interest becomes enforceable or is enforced over, or a writ of execution, garnishee order, mareva injunction or similar order has been issued over or is affecting, all or a substantial part of the assets of the person; or

(f) the person has otherwise become, or is otherwise taken to be, insolvent in any jurisdiction or an event occurs in any jurisdiction in relation to the person which is analogous to, or which has a substantially similar effect to, any of the events referred to in paragraphs (a) to (e) above;

Interest means, in relation to any person, any financial or commercial interest of that person arising from any existing or proposed appointment, arrangement, role, contract, litigation or other proceeding between any Group Company and that person;

Investors has the meaning given in clause 23.2;

JV Arrangement has the meaning given Part 1 of Schedule 6;

Long-term Incentive Plan has the meaning given to it in the Contribution and Framework Agreement;

Loss means all losses, damages, costs, expenses, charges and other liabilities whether present or future, fixed or unascertained, actual or contingent;

Major Shareholder means a Shareholder that either alone or together with its Permitted Transferees and/or Affiliates holds 50 per cent. or more of the issued Shares in the Company (and if not all such Shares are held by one Shareholder then references in this deed to the Major Shareholder shall, unless the context requires otherwise, be construed to mean, in respect of obligations, all such Shareholders having the same Ultimate Holding Company holding Shares that together comprise 50 per cent. or more of the issued Shares and, in respect of the exercise of rights, that Shareholder holding the largest number of Shares of those Shareholders that together compromise the Major Shareholder);

MD has the meaning given in clause 6.2;

MD Delegation means the delegation to the MD in Agreed Form;

Merger One has the meaning given to it in the Contribution and Framework Agreement;

MergeCo means each of 3 Italia and WAHF and, upon completion of Merger 1 (as defined in the Contribution and Framework Agreement) means 3 Italia as the surviving entity of such Merger;

MergeCo Articles means the articles of association of MergeCo, as amended from time to time;

MergeCo Articles Extract means a summary of the key governance provisions of the MergeCo Articles, in the Agreed Form;

MergeCo Board means the board of directors of MergeCo;

MergeCo Board Quorum has the meaning given to it in clause 6.7(f);

MergeCo Chairman has the meaning given in clause 6.7(e)

MergeCo Director means a director of MergeCo;

MergeCo Group means the 3 Italia Group and WAHF Group;

MergeCo Reserved Matters has the meaning given in the MergeCo Articles;

Merger(s) means the merger of 3 Italia and WAHF, described as Merger 1 (as defined in the Contribution and Framework Agreement);

Merger Executive Committee has the meaning given to it in paragraph 3 of Schedule 5;

Merger Integration Objective has the meaning given to it in paragraph 1 of Schedule 5;

Merger Integration Officer means the merger integration officer of MergeCo from time to time appointed by the Shareholders in accordance with clause 8.1;

Merger Integration Period means at least twenty four months from the Effective Date but a maximum of thirty six months, as determined by the Board;

Merger Integration Plan has the meaning given to it in the Contribution and Framework Agreement;

Merger Integration Provisions means the provisions set out in Schedule 5;

Minimum Annual Distribution has the meaning given in clause 10.4(a);

Minimum Economic Commitment means an interest of more than 50 per cent in all economic rights attributable to (i) the issued share capital (including any issued instrument which is convertible, in whole or in part, into share capital) of the relevant Shareholder (including in relation to dividends, any other distributions and returns of capital); and (ii) the outstanding principal amount and interest due and payable in relation to all relevant shareholder loans;

Monthly Chairman's Review Meetings has the meaning given in clause 5.13;

Network has the meaning give in clause 21.3(a);

Non-Defaulting Guarantor has the meaning give in clause 14.5(b);

Non-Defaulting Shareholder has the meaning given in clause 14.5(a)(iii);

No-Share ROFO Response Notice has the meaning given in clause 15.5;

Offer Closing Date has the meaning given in clause 13.3;

Offer Notice has the meaning given in clause 13.3;

Offer Period has the meaning given in clause 13.3;

Offer Price has the meaning given in clause 13.3;

Offer Shares has the meaning given in clause 13.3;

Offer Terms has the meaning given in clause 13.3;

Outstanding Claim Amount has the meaning given in clause 19.6(d);

Overriding Objective has the meaning given in clause 3.2(a);

Partial-Share ROFO Response Notice has the meaning given in clause 15.5;

Partial ROFO Shares has the meaning given in clause 15.5;

Permitted Transferee means a member of the same Wholly Owned Group as the relevant Shareholder other than:

(a) in the case of VIP, any Holding Companies of the VIP Guarantor; and

(b) in the case of HET, any Holding Companies of the HET Guarantor;

Plan of Reorganisation has the meaning given to it in the Contribution and Framework Agreement;

Pre-Notice has the meaning given in clause 19.1(b);

Priority Agreement means the priority agreement dated on 26 November 2010, as amended from time to time, between, among others, Wind, Wind Acquisition Holdings Finance (as Original Parent), and Royal Bank of Scotland, Milan Branch (as the Original Senior Facilities Agent);

Qualifying Third Party ROFO Purchaser has the meaning given in clause 15.5;

Relevant Affiliate has the meaning given in clause 21.6(a);

Relevant Financial Institution means any of the global systemically important financial institutions as identified by the Financial Stability Board from time to time or other non-global systemically important financial institutions rated at least "A" by S&P or with an equivalent rating by either of Moody's or Fitch;

Remaining ROFO Shares has the meaning given in clause 15.5;

Representative means, in relation to a person, any director, officer or employee of, and any accountant, auditor, financier, financial adviser, legal adviser, technical adviser or other expert adviser or consultant to, that person;

Reserved Matters means a Shareholder Reserved Matter and/or a Board Reserved Matter (as applicable);

Reverse Buy-Sell Shares has the meaning given in clause 19.4;

Review has the meaning given in Part 1 of Schedule 5;

Rights Entitlement has the meaning given in clause 13.3;

Rights Shareholder has the meaning given in clause 15.1;

ROFO Notice has the meaning given in clause 15.1;

ROFO Offer Period has the meaning given in clause 15.2;

ROFO Response Notice has the meaning given in clause 15.2;

ROFO Share Price has the meaning given in clause 15.1;

ROFO Shares has the meaning given in clause 15.1;

Sanctioned Person means any natural or legal person (including, without limitation, any individual, entity, body or group), organisation or vessel:

(a) designated on the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions maintained by the European Commission, the Consolidated List of Asset Freeze Targets maintained by Her Majesty's Treasury, the list of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control of the US Department of the Treasury (**OFAC**), or any equivalent or similar list maintained by the competent sanctions authority of any EU Member State or any agency of the US Government;

(b) that is, or is part of, a government of a Sanctioned Territory;

(c) is, directly or indirectly, 50% or more owned or controlled by any of the foregoing; or

(d) located within or operating from a Sanctioned Territory;

Sanctioned Territory means any country or other territory subject to a comprehensive export, import, financial or investment embargo under any Economic Sanctions Law, which currently comprise Cuba, Iran, North Korea, North Sudan, Syria and the Ukrainian territory of Crimea (and which may in the future change);

Scenario Two means the second scenario as set out in the Agreed Business Plan;

Second Shareholder has the meaning given in clause 19.1(a);

Securities means:

(a) Shares or any other class of shares in the Company, FinCo or a Group Company (as applicable) or any other equity securities in the Company, FinCo or a Group Company (as applicable); and

(b) options, warrants, notes, bonds or other securities or debt (i) convertible into, or exchangeable for, Shares or any other class of shares or any other equity securities in the Company, FinCo or a Group Company (as applicable) or (ii) containing equity features or containing profit participation features;

Security means a mortgage, charge, lien, pledge or other security interest securing any obligations of any person;

Seller has the meaning given in clause 19.6;

Selling Shareholder has the meaning given in clause 15.1;

Senior Employee means the CEO, any employee of the Group who reports to the CEO and any employee of the Group who reports to any such employee of the Group;

Senior Management means the CEO, CFO and Merger Integration Officer;

Shares mean the ordinary shares of Euro 25 each in the capital of the Company;

Shareholder means a registered holder of Shares who is party to this deed as an original party or by having executed a Deed of Adherence in accordance with this deed;

Shareholder Approval means an approval given in accordance with clauses 8.1 and 8.2;

Shareholder Nominated Group Company Directors means the Group Company Directors appointed in accordance with Schedule 9, paragraph 2(b)(b)(i);

Shareholder Nominated MergeCo Directors means the MergeCo Directors appointed in accordance with clause 6.7(b);

Shareholder Reserved Matter means any matter set out in Part 1 of Schedule 6;

Shareholders' Meeting has the meaning given in clause 5.5;

Stapled Interests means the Securities in relation to the Company and FinCo;

Subscribing Shareholder has the meaning given in clause 13.3;

Subscription Shares has the meaning given in clause 13.3;

Subsidiary has the meaning given in paragraph 2 below;

Subsidiary Governance Provisions means the provisions set out in Schedule 9;

Surviving Clauses means clause 1, clause 25, clauses 28 to 32 (inclusive);

Third Party All-Share Sale Notice has the meaning given in clause 15.6;

Third Party Remaining-Share Sale Notice has the meaning given in clause 15.8;

Total Assets means at any time, the net book value of the consolidated total assets of the Company and its Subsidiaries as determined by reference to the most recent consolidated balance sheet of Company and its Subsidiaries;

Transaction Documents has the meaning given to it in the Contribution and Framework Agreement;

Trigger Event means completion of the transfer or issue of any Shares in accordance with this deed following which there is only one Major Shareholder;

Trigger Event Date has the meaning given in clause 24.5(d);

Ultimate Beneficial Shareholder means, in the case of VIP, the VIP Guarantor and in the case of HET, the HET Guarantor;

Ultimate Holding Company means a Holding Company which is not itself a Subsidiary;

Urgent Shareholders' Meeting has the meaning given to it in clause 5.5;

VIP Representative has the meaning given in clause 19.1;

WAHF has the meaning given in the Contribution and Framework Agreement;

Warranties means the warranties given by the parties under clause 17; and

Wind TS has the meaning given in the Contribution and Framework Agreement.

2. Subsidiary, Holding Company, Wholly Owned Subsidiary and Wholly Owned Group

For the purposes of this deed:

(a) A company is a **Subsidiary** of another company, its **Holding Company** or **HoldCo**, if that other company:

   (i) holds a majority of the voting rights in it; or

   (ii) is a member of it and has the right to appoint or remove a majority of its board of directors; or

   (iii) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it,

   or if it is a Subsidiary of a company that is itself a Subsidiary of that other company.

(b) A company is a **Wholly Owned Subsidiary** of another company, its HoldCo, if it has no members other than HoldCo and HoldCo's wholly owned Subsidiaries or persons acting on behalf of HoldCo or its wholly owned Subsidiaries.

(c) **Wholly Owned Group** means a body corporate and any Holding Company of which it is a Wholly Owned Subsidiary and any other Wholly Owned Subsidiaries of that Holding Company (including any Wholly Owned Subsidiary of the body corporate).

(d) In this paragraph 2, company includes any body corporate.

3. Things required to be done other than on a Business Day

Unless otherwise indicated, where the day on which any act, matter or thing is to be done is a day other than a Business Day, that act, matter or thing shall be done on or by the next Business Day.

4. Other rules of interpretation

In this deed:

(a) references to VIP or HET include each of their Permitted Transferees from time to time;

(b) any reference, express or implied, to any legislation in any jurisdiction includes:

(i) that legislation as amended, extended or applied by or under any other legislation made before or after execution of this deed;

(ii) any legislation which that legislation re-enacts with or without modification; and

(iii) any subordinate legislation made before or after execution of this deed under that legislation, including (where applicable) that legislation as amended, extended or applied as described in paragraph 4(b)(i), or under any legislation which it re-enacts as described in paragraph 4(b)(ii);

(c) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated and incorporated associations of persons;

(d) references to an individual or a natural person include his estate and personal representatives;

(e) subject to clause 29.2, references to a party to this deed include the successors or assigns (immediate or otherwise) of that party;

(f) references to any English legal term for any action, remedy, method or judicial or arbitral proceeding, legal document, legal status, court, arbitral tribunal, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be taken to include what most nearly approximates in that jurisdiction to the English legal term;

(g) a reference to any instrument or document includes any variation or replacement of it;

(h) unless otherwise indicated, a reference to any time is a reference to that time in London;

(i) a reference to € or Euros or EUR is to the currency of the Eurozone countries from time to time or its equivalent in any other relevant currency;

(j) singular words include the plural and vice versa;

(k) a word of any gender includes the corresponding words of any other gender;

(l) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;

(m) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words, and references to “includes” mean “includes without limitation”; and

(n) nothing is to be construed adversely to a party just because that party put forward this deed or the relevant part of this deed.

SIGNATORIES

EXECUTED as a deed by	)
HUTCHISON 3G ITALY INVESTMENTS S.à R.L	)
	)

/s/ Richard Chan

Signature of director

Richard Chan

Name of director

EXECUTED as a deed by)
VIMPELCOM LUXEMBOURG HOLDINGS S.à R.L.) /s/ Scott Dresser
) Authorised signatory

Witness's Signature /s/ David Dobbie

Name: David Dobbie

Address: Apt 2307, Murjan Tower

Dubai Marina Towers

Dubai, UAE

EXECUTED as a deed by)
HUTCHISON EUROPE)
TELECOMMUNICATIONS)
S.à R.L.)

/s/ Richard Chan
Signature of director

Richard Chan
Name of director

EXECUTED as a deed by **VIMPELCOM LTD.**	)))	/s/ Scott Dresser Authorised signatory

Witness's Signature /s/ David Dobbie

Name: David Dobbie

Address: Apt 2307, Murjan Tower

Dubai Marina Towers

Dubai, UAE

EXECUTED as a deed by)
CK HUTCHISON HOLDINGS LIMITED)

/s/ Frank Sixt
Signature of director

Frank Sixt
Name of director

/s/ Edith Shih
Signature of company secretary

Edith Shih
Name of company secretary

DOCUMENTS IN THE AGREED FORM

1. **Audit Committee Terms of Reference**
2. **HR & Remuneration Committee Terms of Reference**
3. **Merger Executive Committee Terms of Reference**
4. **Advisory Board Terms of Reference**
5. **Basis of preparation of the consolidated financial statements**
6. **MD Delegation**
7. **MergeCo Articles Extract**

Exhibit 8

LIST OF SUBSIDIARIES

Below is a list of our subsidiaries and their jurisdiction of incorporation as of March 18, 2015.

Subsidiaries	Country of Incorporation
Consortium Algerien de Telecommunications S.P.A.	Algeria
Database Management Services Algeria EURL	Algeria
Omnium Telecom Algérie (OTA) SPA	Algeria
Optimum Telecom Algerie Spa	Algeria
Orascom Telecom Service Algérie (OTSA) EURL	Algeria
Ring Algeria LLC	Algeria
Ring Maintenance - CARING LLC	Algeria
Armencell Close Joint Stock Company	Armenia
Armenia Telephone Company	Armenia
Close Joint Stock Company Armenian Finance Insurance	Armenia
Close Joint Stock Company Infocom-Erevan	Armenia
Open Joint Stock Company Armeneconombank	Armenia
Banglalink Digital Communications Ltd	Bangladesh
Ring Distribution (Private) Limited (Ring Bangladesh)	Bangladesh
Foreign LLC Beleuroset	Belarus
Foreign LLC Proservis Bel	Belarus
VC Esop N.V.	Belgium
AnTel Rascom Limited	British Virgin Islands
Cinnamon Shore Ltd.	British Virgin Islands
Freevale Enterprises Inc.	British Virgin Islands
Golden Telecom Limited	British Virgin Islands
GTH Cambodia Ltd.	British Virgin Islands
Investico Alliance Ltd.	British Virgin Islands
Watertrail Industries Limited	British Virgin Islands
GTH Global Telecom Finance (B.C.) Limited	Canada
Aldemon Technologies Limited	Cyprus
Ararima Enterprises Limited	Cyprus
Bardym Enterprises Limited	Cyprus
Clafdor Investments Limited	Cyprus
Comnidor Holdings Limited	Cyprus
Euroset Cyprus Limited	Cyprus
Limnotex Developments Limited	Cyprus
Menacrest Limited	Cyprus
Nouse Limited	Cyprus
VimpelCom Cyprus Finance Limited	Cyprus
VimpelCom Cyprus Holding Limited	Cyprus
Advanced Electronic Industries	Egypt
Cortex for Services & Consultations S.A.E.	Egypt
Egyptian Company for Marketing and Telecommunication and Service Connect	Egypt
Multimedia Mega Stores Company for Computers and Communication Devices (S.A.E. under liquidation)	Egypt
Orascom Holding Handset Investment Company	Egypt
Orascom Telecom Services L.L.C.	Egypt
Ring Distribution Company (S.A.E. under liquidation)	Egypt
Ring for Trade, Distribution and Commercial Agencies and Maintenance (Caring) (S.A.E. under liquidation)	Egypt

Subsidiaries	Country of Incorporation
Global Telecom Holding S.A.E	Egypt and registered in the Netherlands
Mobitel Limited Liability Company	Georgia
CONSEL-Consorzio ELIS a.r.l.	Italy
DONO Per S.C.a.r.l.	Italy
Janna S.C.a.r.l. (Società Consortile a Responsabilità Limitata)	Italy
MIX S.r.l.	Italy
QXN Società Consortile per Azioni	Italy
Ring Distribution Italy S.a.r.l.	Italy
Wind Acquisition Holdings Finance S.p.A.	Italy
WIND Retail S.r.l.	Italy
Wind Telecom S.p.A.	Italy
WIND Telecomunicazioni S.p.A.	Italy
2Day Telecom Limited Liability Partnership	Kazakhstan
KaR-Tel Limited Liability Partnership	Kazakhstan
KAZEUROMOBILE Limited Liability Partnership	Kazakhstan
Teta Telecom Limited Liability Partnership	Kazakhstan
TNS-Plus Limited Liability Partnership	Kazakhstan
Sky Mobile Limited Liability Company	Kyrgyzstan
Terra Limited Liability Company	Kyrgyzstan
VimpelCom Lao Company Limited	Lao People's Democratic Republic
B.V. VimpelCom Finance S.à r.l.	Luxembourg
Global Luxembourg Finance SCA	Luxembourg
Global Luxembourg S.à r.l.	Luxembourg
Global Telecom Acquisitions S.à r.l.	Luxembourg
Global Telecom Finance SCA	Luxembourg
Global Telecom One S.à.r.l	Luxembourg
Global Telecom Oscar SA	Luxembourg
Global Telecom S.à.r.l	Luxembourg
KLAROLUX INVESTMENTS S.à r.l.	Luxembourg
VimpelCom Luxembourg Holdings S.a r.l.	Luxembourg
WEATHER CAPITAL S.à r.l.	Luxembourg
Weather Capital Special Purpose 1 S.A.	Luxembourg
Wind Acquisition Finance II S.A.	Luxembourg
Wind Acquisition Finance S.A.	Luxembourg
Wind Acquisition Holdings Finance II S.A.	Luxembourg
Wind Acquisition Holdings Finance S.A.	Luxembourg
Wind Finance SL S.A.	Luxembourg
Database Management Services Limited	Malta
Financial Powers Plan Limited	Malta
International Wireless Communications Pakistan Limited	Malta
Iraq Holding Limited	Malta
Minimax Ventures Limited	Malta
Moga Holding Ltd	Malta
Oratel International Inc. Limited	Malta
Sawyer Limited	Malta
Telecom CS Limited	Malta
Telecom ESOP Ltd.	Malta
Telecom Eurasia Limited	Malta

Subsidiaries	Country of Incorporation
Telecom Holding Canada (Malta) Limited	Malta
Telecom Iraq Corp. Limited	Malta
Telecom Management Group Limited	Malta
Telecom Ventures Limited	Malta
Euroset Holding N.V.	Netherlands
Global Telecom Netherlands B.V.	Netherlands
GTH Canada B.V.	Netherlands
Silkway Holding B.V.	Netherlands
VimpelCom Amsterdam B.V.	Netherlands
VimpelCom Amsterdam Finance B.V.	Netherlands
VimpelCom Armenia Holding B.V.	Netherlands
VimpelCom B.V.	Netherlands
VimpelCom Georgia Holdings B.V.	Netherlands
VimpelCom Holding Laos B.V.	Netherlands
VimpelCom Holdings B.V.	Netherlands
VimpelCom International Services B.V.	Netherlands
Vimpelcom Micro Holdings B.V.	Netherlands
VimpelCom Telecom Holding B.V.	Netherlands
ZED+ B.V.	Netherlands
Business & Communication Systems (Pvt) Ltd	Pakistan
CaRing (Private) Limited (Ring Pakistan Service)	Pakistan
Linkdot Net Telecom Limited	Pakistan
LinkdotNet Pakistan (Private) Limited	Pakistan
Pakistan MNP Database (Guarantee) Ltd	Pakistan
Pakistan Mobile Communications Limited	Pakistan
Ring Distribution (Private) Limited (Ring Pakistan)	Pakistan
Waseela Microfinance Bank Limited	Pakistan
Closed Joint Stock Company National Service Company	Russian Federation
Euroset-Retail LLC	Russian Federation
Joint Stock Company SMARTS-Saratov	Russian Federation
Joint Stock Company SMARTS-Astrakhan	Russian Federation
JOINT VENTURE SAKHALIN TELECOM LIMITED	Russian Federation
Kubintersvyaz	Russian Federation
Kubtelecom LLC	Russian Federation
LLC Pro-Servis	Russian Federation
Non-governmental Organization Charitable Foundation Give Hope	Russian Federation
Public Joint Stock Company Vimpel-Communications	Russian Federation
RASCOM	Russian Federation
Sovintel Group	Russian Federation
VimpelCom Finance	Russian Federation
VimpelCom-Invest	Russian Federation
WestBalt Telecom	Russian Federation
Samara Telecom	Russian Federation
Irington Developments Limited	Seychelles
Wenthorp Industries Limited	Seychelles
Telecel International Ltd	Switzerland
Telecel International Services SA	Switzerland
VimpelCom (BVI) AG	Switzerland
VIP Kazakhstan Holding AG	Switzerland
VIP Kyrgyzstan Holding AG	Switzerland

Subsidiaries	Country of Incorporation
TACOM Limited Liability Company	Tajikistan
R & D S.à r.l.	Tunisia
Ring Distribution Retail SARL (Ring Retail)	Tunisia
Ring Distribution Tunisia	Tunisia
Ring Tunisia SARL (Ring Tunisia)	Tunisia
Invest-Holding Limited Liability Company	Ukraine
Kyivstar GSM Joint Stock Company Subsidiary “Staravto”	Ukraine
Limited Liability Company “Starmoney”	Ukraine
Private Joint Stock Company Kyivstar	Ukraine
International Telecommunications Consortium Limited	United Kingdom
Med Cable Limited	United Kingdom
VIP Digital Ltd.	United Kingdom
Golden Holdings, Inc.	United States
Golden TeLecom, Inc.	United States
SFMT-CIS, Inc.	United States
SFMT-Rusnet, Inc.	United States
Joint Venture Buzton Limited Liability Company	Uzbekistan
LLC Euroset	Uzbekistan
Unitel Limited Liability Company	Uzbekistan
Kiaran Investments (Private) Limited	Zimbabwe
Telecel Zimbabwe (Private) Limited	Zimbabwe
Yarlside Investments (Private) Limited	Zimbabwe

Exhibit 12.1

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Jean-Yves Charlier, 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 31, 2016

By: /s/ Jean-Yves Charlier
Name: Jean-Yves Charlier
Title: Chief Executive Officer

Exhibit 12.2

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 31, 2016

By: /s/ Andrew Davies
Name: Andrew Davies
Title: Chief Financial Officer

Exhibit 13.1

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, 2015 (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 31, 2016

By: /s/ Jean-Yves Charlier
Name: Jean-Yves Charlier
Title: Chief Executive Officer

Date: March 31, 2016

By: /s/ Andrew Davies
Name: Andrew Davies
Title: Chief Financial Officer

Exhibit 15.1

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 31 March 2016 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 for the year ended December 31, 2015. We also consent to the reference to us under the heading "Selected Financial Data" in this Annual Report on Form 20-F.

Amsterdam, 31 March 2016
PricewaterhouseCoopers Accountants N.V.

/s/F.P. Izeboud RA, CPA

F.P. Izeboud RA, CPA

Exhibit 15.2

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; and

(3) **Registration Statement (Form S-8 No. 333-183294)**
pertaining to the VimpelCom Ltd. Director Investment Plan

of our report dated May 15, 2014, except for Notes 6, 7, and 28, as to which the date is March 31, 2016, with respect to the consolidated income statement and consolidated statements of comprehensive income, changes in equity, and cash flows of VimpelCom Ltd. for the year ended December 31, 2013 included in this Annual Report (Form 20-F) for the year ended December 31, 2015.

/s/ Ernst & Young Accountants LLP

Amsterdam, The Netherlands

March 31, 2016

Exhibit 99.1

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

B2B: business to business

B2C: business to company

BRAS: broadband remote access server

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

DSL: digital subscriber line

DWDM: dense wavelength division multiplexing

FMC: fixed-mobile convergence

FTN: Fixed Technological Network

FTTB: fiber to the building

Gbps: Gigabytes per second

GLONASS: Globalnaya navigazionnaya sputnikovaya sistema or Global Navigation Satellite System (In Russia, this is the equivalent of GPS.)

GPRS: general packet radio service

GPS: global position system

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

IEEE: Institute of Electrical and Electronics Engineers (a professional association which creates and maintains standards for wireless network products)

ILD: international long distance

IP: Internet Protocol

IP VPN: IP virtual private network

ISDN: integrated services digital network

ISP: Internet service provider

Kbps: kilobyte per second

KPI: key performance indicator

L2VPN: layer-2 virtual private network

LAN: local area network

LE: large enterprise

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.)

Mbps: Megabytes per second

MFS: mobile financial services

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

PDH: plesiochronous digital hierarchy

POP: point of presence

PSTN: public switched telephone network

RED: radio electronic device

RBT: ringback tones, which are customized ringtones

SaaS: software as a service

SIP:

SKU: stock keeping unit

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

USSD: unstructured supplementary service data

UTN: telephone urban set

VAS: value added services

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

xDSL: all types of DSL

Exhibit 99.2

Regulation of Telecommunications

Regulation of Telecommunications in Russia

Regulatory bodies

In accordance with the Russian Constitution and the Federal Law "On Communications," (the "Communications Law"), the regulation of activity in the field of communications is exercised by the Russian Federation President, Russian Government, the federal body of executive power in the field of communications, and 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 the 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 certifying communication facilities. Roskomnadzor is responsible for licensing 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 operations 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. This examination 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 the expiry of the permit, the State Radio Frequency Commission has not adopted any regulations or decisions 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 the Federal Law "On the Protection of Competition" allow 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. PJSC VimpelCom is not considered to be a significant operator and therefore can independently establish tariffs. However, this independence is limited by the antitrust legislation and requires us to consider the prices of similar services provided by other operators, to avoid being sanctioned for abusing a dominant market position.

MNP

Since December 1, 2013, customers are allowed to port mobile numbers. The maximum charge for the customer is RUB 100 (approximately US$1.40 as of December 31, 2015) per ported number.

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, in addition to other responsibilities, establishes policies, and the market is monitored by the *Autorité de Régulation de la Poste et des Télécommunications* (the "ARPT"). Further, the Algerian National Competition Council is the competent authority 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 (i) establishes general rules for the organization of the telecommunication sector, (ii) creates and determines the mandate of the national regulatory authority, (iii) defines general rules for the licensing and authorization of telecommunications networks and services and (iv) introduces principles allowing the development of competition in the sector.

From January 2015, the ARPT has been empowered to issue financial sanctions against operators who are not compliant with applicable law, and in October 2015, a procedure was established that the ARPT must follow to issue such sanctions.

Retail market regulation

According to the terms of their telecommunications licenses, Algerian operators must submit all their retail offers to the ARPT for approval 30 days before introducing such offers to the market.

In addition, since Djezzy was designated as a dominant operator in the retail market for GSM communications by the ARPT in 2007, Djezzy has to follow more stringent obligations, and its retail tariffs are subject to non-discrimination and margin squeeze tests 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, in practice the regulation applies to almost all retail tariffs. Because our 3G network does not cover the entire territory of Algeria and our license conditions do not allow geographic discrimination among our customers, the great majority of our offers include 2G and 3G and are submitted to the additional tests mentioned above.

The ARPT has also established rules regulating the promotions that mobile operators may offer. These rules limit the frequency and duration of, and minimum interval between, promotions and to some extent have reduced the intensity of competitive promotions.

MTR

The ARPT monitors interconnection prices to ensure that they are cost based, and intervenes to set them as such. However, the ARPT does not set equivalent termination rates for all operators, and currently Djezzy's rate is significantly lower than that of other operators. All interconnection agreements and interconnection prices must be approved by the ARPT prior to becoming effective.

Djezzy has interconnection agreements with the fixed incumbent operator, the other two mobile operators and the three currently authorized VoIP operators in Algeria. The termination tariffs are modified annually in the reference interconnection offers approved by ARPT.

MNP

There is currently no number portability, either for mobile or fixed, in Algeria.

Others

SIM card identification. 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 (approximately US$1,400 as of December 31, 2015) per unidentified SIM card. Further implementing legislation remains to be enacted in connection with this scheme.

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 specific 3G numbers, different from customers' 2G numbers. 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, given its particular circumstances, deployed 3G later than its competitors and could not afford to launch 3G services with a degraded quality of service. Therefore, Djezzy further delayed the commercial launch of 3G services until July 2014, when the ARPT issued a decision that authorized operators to use a single number for 2G and 3G.

ARPT and MPTIC approval for importing 3G equipment and 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 and systems. The dispensation was granted in October 2013 and required prior approval from the ARPT and the MPTIC of the detailed lists of equipment and systems to be imported. As a result, the deployment of our 3G services could not start before January 2014, when the first shipment of 3G equipment and systems arrived in Algeria. However, our competitors started to deploy their 3G networks before obtaining 3G licenses and were able to launch their 3G services in the middle of December 2013. In addition, a ban remained in place for our non-3G equipment and systems, which, together with the approval procedure for 3G equipment and systems, caused delays in our procurement process. However, the ban was lifted on January 28, 2015, and from that date, there have been no bans for Djezzy on the import of any equipment or exchange of foreign currency.

Regulation of Telecommunications in Pakistan

Regulatory bodies

Under the Pakistan Telecommunication (Re-organization) Act, 1996, as amended (the "Telecommunication Act"), responsibility for telecommunications regulation in Pakistan lies with the Government of Pakistan, acting through the Ministry of Information Technology ("MoIT"), and the Pakistan Telecommunication Authority (the "PTA").

MoIT is responsible for shaping and directing Pakistan's telecommunications and information technology policies. The PTA is an autonomous body that, subject to government-issued instructions and policy directives, implements policy and monitors the activities of the various market participants through licensing, tariff regulation, investigation of complaints (including arbitration of disputes between licensees) and competition. Additionally, the Competition Commission of Pakistan regulates competition within the telecommunications sector under the Competition Act, 2010.

The Frequency Allocation Board (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 applicants to the FAB for allocation of frequency.

Regulatory framework

Telecommunications networks and services in Pakistan are principally regulated under the Telecommunication Act and the Pakistan Telecommunication Rules, 2000 (the "Telecommunication Rules"). The Telecommunication Act also defines general rules for the licensing and authorization of telecommunications networks and services and introduces principles of establishment and administration of special funds, which are intended for research and development, as well as a universal services fund.

Mobile license acquisition

Radio frequency spectrum allocation is required with respect to the provision of mobile telecommunication services and is typically auctioned by the PTA to qualifying bidders, subject to MoIT policies for Pakistan.

To obtain a license to provide mobile telecommunication services in Pakistan, the PTA requires a written application supported by relevant documents, as set out in the applicable regulations, information memoranda or advertisements in respect of the relevant license.

Licenses for the provision of mobile telecommunication services in Pakistan have been issued for 15 year periods and may be renewed on such terms and conditions, and with such fees and contributions, as are consistent with the policy of the Government of Pakistan at that time. The PTA may include such additional terms as it considered appropriate, or it may decline to renew a license for reasons including violations of applicable license terms, laws or regulations.

MTR

The Telecommunication Rules allow operators to fix different tariffs and terms in respect of interconnection services, to be approved by the PTA from time to time. These tariffs and terms may vary by for different categories of operators and interconnection services if such differences can be objectively justified on a cost basis. The PTA has also fixed mobile and fixed-line interconnection charges from time to time.

For licensees designated as SMP, PTA will propose appropriate cost regime for interconnection and apply it to licensees that have SMP in the relevant market. Operators that are not subject to SMP in the relevant market may use commercially agreed termination rates.

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 (approximately US$0.01 to US$0.009 as of December 31, 2015) in January 2010. The PTA initiated a costing exercise in 2011 and 2012 but did not announce any subsequent changes to MTR.

MNP

The Mobile Number Portability Regulations, 2005 provide eligibility criteria for MNP, rights and obligations of customers, and duties and responsibilities of operators. The PTA formed a supervisory board with all mobile operators to supervise the centralized database operation and determine the best MNP method.

MNP was launched throughout Pakistan on March 23, 2007. The current porting rate is PKR 250 (approximately US$2.38 as of December 31, 2015) per completed port. The Mobile Cellular Policy encourages (but does not require) domestic roaming and infrastructure sharing, and those matters are left to the various operators to negotiate commercial terms.

SMP

The PTA is currently undergoing a consultation process whereby the relevant markets will be ascertained and PTA will also determine whether there are SMP operators in the various telecommunications markets.

According to the Telecommunication Rules, an operator whose share of the relevant market exceeds 25% (based on revenues) shall be presumed to have SMP, unless determined otherwise by the PTA. The PTA may also determine that an operator whose share of the relevant market is less than the 25% threshold nonetheless has SMP. In August 2004, the PTA determined that Mobilink had SMP in the mobile telecommunications market in Pakistan (with 63% of market share at that time), as well as in the national interconnection market. Consequently, Mobilink became subject to increased regulation by the PTA and, in particular, had to seek PTA approval with respect to its tariffs and publish a reference interconnection offer ("RIO") with the services and tariffs available to other operators.

Following a review process in 2010, the PTA determined that the mobile telecommunications market in Pakistan was in a state of fair competition, particularly after the introduction of MNP and the entry of China Mobile. As a result, the PTA determined that no operator had SMP in the mobile telecommunications market in Pakistan, but that the RIO publication requirement would continue to apply to relevant operators, unless otherwise determined by the PTA. Following a court challenge of its determinations, the PTA is currently undergoing a consultation process to determine the relevant markets and whether there are SMP operators in Pakistan. The PTA recently indicated that it intends to identify the mobile telecommunications market as a relevant market for determining SMP operators, in which case, such operators may be subject (again) to tariff regulation and other PTA requirements.

Pursuant to the Telecommunications Policy 2015, licensees that are designated as SMP in a relevant market under the Competition Rules will be required to:

- Obtain prior approvals from PTA for launch of CVAS and change in prices.
- Provide, on a fair and non-discriminatory basis, the National Roaming Services and Infrastructure Sharing.

For licensees designated as SMP, the PTA will propose appropriate cost regime for interconnection and apply it to licensees that have SMP in the relevant market. Operators that are not subject to SMP in the relevant market may use commercially agreed termination rates.

Other

Biometric Verification

Due to the adverse security situation in Pakistan, the government 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 Regulatory Risks—New or proposed changes to laws or new interpretations of existing laws in the markets in which we operate may harm our business."

Telecommunications Policy 2015

A new telecommunications policy, the Telecommunications Policy 2015, was approved by the Government of Pakistan on December 11, 2015. Certain legislative and regulatory changes are expected in the implementation of this policy, including: (i) the introduction of competition rules; (ii) changes in the interconnection regime; (iii) changes in national roaming and infrastructure sharing requirements; (iv) allocation and assignment of spectrum in order to maximize social and economic benefits; (v) the establishment by the PTA of an environmental regulatory framework for the sector; and (vi) the prescription by MoIT of rules for lawful interception.

MVNO Regulations

The PTA also issued MVNO regulations in March 2012, providing a detailed mechanism for the functioning and operations of MVNOs. No MVNOs have entered the Pakistan market as of December 31, 2015.

Regulation of Telecommunications in Bangladesh

Regulatory bodies

The Bangladesh Telecommunication (Amendment) Act, 2010 (the "BTA") introduced a separation of responsibilities between the telecoms regulator and government ministry in Bangladesh. Under the BTA, the responsibilities of issuing licenses for telecommunications systems and services, as well as the regulation of telecommunication activities, are assigned to the Bangladesh Telecommunications Regulatory Commission (the "BTRC"). However, the supervision of telecommunication licensees and the approval of the BTRC's proposals for issuing licenses were transferred to the Posts and Telecommunications Division or "PTD" (within the Ministry of Posts, Telecommunications and Information Technology of Bangladesh). As a result, the BTRC is currently the executive body for telecommunications policies, while the PTD is empowered to supervise and monitor all activities of the BTRC.

Regulatory framework

The main elements of the regulatory framework for the telecommunications sector in Bangladesh are embodied in the BTA, which establishes rules relating to the supply of telecommunications services in Bangladesh.

Mobile license acquisition

The issuance of any telecommunications license is at the sole discretion of the BTRC, subject to approval from the PTD. The BTRC must submit a report to the PTD for its approval, prior to granting any license to telecommunications operators.

The BTRC reserves the right to set the criteria and conditions for license eligibility, to specify any applicable fees and charges and to determine the duration and conditions of any license it issues. Generally, licenses are issued for a certain period of time, subject to renewal, and the applicable validity period, renewal requirements and other conditions are set out in the license.

In addition, the provisions of the BTA grant the BTRC the power to renew, suspend, cancel and control the transfer of licenses. The BTRC, with the prior permission of the PTD, may amend any condition of any license issued pursuant to the BTA, and the PTD, on its own initiative or at the request of a licensee, may instruct the BTRC to amend any license condition.

MTR

The BTRC has set various interconnection rates and interconnection revenue sharing arrangements. For domestic outgoing calls, mobile to mobile phone calls, and PSTN calls, interconnection charges are set at BDT 0.22 (approximately US$0.003 as of December 31, 2015) per minute, and the interconnection revenue is shared between the Interconnection Exchange, or "ICX," (BDT 0.04 per minute) and the terminating operator (BDT 0.18 per minute). For international outgoing calls, the interconnection charge varies depending on the charges of the overseas carrier, with the revenue shared among the Access Network Service, or "ANS," operator, the ICX, the International Gateway or "IGW" and the BTRC, pursuant to a revenue sharing model established by the BTRC. For international incoming calls, the termination charge was reduced from BDT 2.34 (approximately US$0.03 as of December 31, 2015) per minute to BDT 1.17 (approximately US$0.015 as of December 31, 2015) per minute in September 2014, and the revenue is shared among ANS operators, ICXs, IGWs and the BTRC, according to the percentages set by the BTRC.

In 2008, pursuant to the International Long Distance Telecommunication Services Policy, 2010 (a revised version of the 2007 policy), the BTRC issued a limited number of IGW, ICX and International Internet Gateway, or "IIG," licenses to local companies. In 2012, the BTRC awarded additional licenses to local entrepreneurs, and there are currently 29 IGW, 26 ICX and 36 IIG, in addition to 42 Internet Protocol Telephony Service Provider, or "IPTSP," and 881 VoIP Service Provider, or "VSP," licenses in place.

MNP

The BTRC issued directives on MNP on June 13, 2013, with a stringent timeline for implementation. However, the mobile operators requested that the BTRC start a consultation process and revise the timeline for the implementation of MNP. As of December 31, 2015, this consultation process is ongoing.

Other

Effective July 1, 2014, the National Board of Revenue of Bangladesh imposed a tax of BDT 100 (approximately US$1.27 as of December 31, 2015) on SIM replacement. In addition, the Government of Bangladesh formed the National Telecommunication Monitoring Center in 2010 to conduct Lawful Interception or "LI" as permitted under the BTA, and telecommunications operators in Bangladesh are responsible for the cost of maintaining the software and equipment for such phone surveillance.

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 2, 2015, 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 MTRs are the same for the operators in Ukraine. The NCCIR plans to gradually decrease the MTRs, which have been higher than the EU average for several years.

SMP

The NCCIR regulates telecommunications services markets, studies the competitive environment in the telecommunications market, determines SMP operators and 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. 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. The NCCIR is planning to introduce changes in the UTL defining SMP for different markets.

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, MNP has still not been implemented, as the basic requirements of the MNP legislation were canceled by the court. However, new procedures for the provision of MNP services have been approved by the government, and implementation of MNP is planned in the second half of 2016.

Regulation of Telecommunications in Kazakhstan

Regulatory bodies

Under the Kazakhstan Communications Law dated July 5, 2004 (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.

Competition matters in Kazakhstan are regulated by the Committee on Regulation of Natural Monopolies and Protection of Competition (the "Antimonopoly Committee") of the Ministry of the National Economy. The Antimonopoly Committee is authorized to prepare and implement state policy for the protection of competition, for example, by coordinating with state authorities, reviewing compliance with competition laws, conducting investigations and approving concentrations of entities.

Regulatory framework

The Kazakhstan Communications Law 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;
- 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 without the establishment of a legal entity in Kazakhstan and to obtain more than 10.0% of voting shares in International Long Distance ("ILD") operator without governmental consent, as well as the consent of national security authorities. 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) without governmental consent, based on the conclusion of MID, as well as the consent of national security authorities.

In addition, all telecommunications operators in Kazakhstan are required to maintain control centers, which are responsible for monitoring, incident management, planning work and management reporting, for their networks within the territory of Republic of Kazakhstan, and the chief technical officer of each operator must be a citizen of the Republic of Kazakhstan.

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 was KZT 11.1 per minute (approximately US$0.031 as of December 31, 2015) between mobile networks, and KZT 13.2 per minute (approximately US$0.037 as of 31 December 2015) for fixed networks. On April 16, 2014, Kar-Tel received notice from the MID regarding a further decrease in the maximum permitted price set for entities holding a dominant position in the relevant market for inbound traffic to KZT 8.88 per minute (approximately US$0.025 as of December 31, 2015), excluding VAT. In 2015, mobile operators in Kazakhstan reached an agreement to set MTR at 8.0 KZT per minute (approximately US$0.023 as of December 31, 2015) for 2015 and 5.0 KZT per minute (approximately US$ 0.014 as of December 31, 2015) for 2016.

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

MNP was launched on January 1, 2016. There is currently no charge for customers to port numbers, and the fees for operators are yet to be defined.

Other

KaR-Tel was recognized as a company with SMP 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 prices and/or on the basis of complaints and information received indicating the establishment of unreasonable prices, including in cases of violations by operators, the MID examines prices in accordance with the pricing rules for regulated markets.

KaR-Tel is required to provide to the Antimonopoly Committee and the 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 dated August 20, 1999 (the "Uzbek Telecommunications Law"); (v) Licensing Certain Types of Business dated May 25, 2000; and (vi) the Uzbek Competition Law dated January 6, 2012 (the "Uzbek Competition Law").

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 Ministry for Development of Information Technologies and Communications 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 expansion 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 requiring 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 the MTR for Uzbektelecom JSC is lower than for other operators. At present, Unitel LLC is challenging this decision in the 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 LLC has been obliged to declare all its tariffs to the Ministry of Finance of Uzbekistan for approval. Despite numerous attempts by Unitel LLC to obtain approval in accordance with the Uzbek Competition Law, the Ministry of Finance has not yet granted such approvals.

Regulation of Telecommunications in Italy

Regulatory Bodies

Autorità per le Garanzie nelle Comunicazioni (the Italian Communications Regulatory Authority or "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 which comprise the mobile, fixed-line and internet markets. Their regulatory powers mainly include licensing, authorizations, interconnection access, frequency allocation, numbering, universal service obligations, consumer protection, tariff regulation and arbitration of disputes between operators. For the resolution of disputes between users and operators of communications, AGCOM operates through a decentralized system, in close collaboration with the Regional Committees for Communications (Co.Re.Com.), which are special bodies located throughout Italy with functions of assurance and control of communications systems at the regional level.

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 assignation.

Autorità Garante della Concorrenza e del Mercato (the Italian Competition Authority or "AGCM") enforces competition law rules which prohibit anticompetitive agreements among undertakings and the abuse of dominant positions, as well as: (i) reviewing possible M&A deals which may create or strengthen dominant positions detrimental to competition and (ii) consumer protection issues and misleading advertising proceedings. AGCM is also in charge of several other competencies, including protecting consumers from misleading advertising, comparative advertising which discredits competitors' products or causes confusion, as well as unfair commercial practices among undertakings.

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.

The Italian Data Protection Authority (Garante per la protezione dei dati personali, hereinafter GARANTE) is an independent authority set up to protect fundamental rights and freedoms in connection with the processing of personal data, and to ensure respect for individuals' dignity. The DPA was set up in 1997, when the former Data Protection Act came into force. tasks are set forth in the law (the Data Protection Code 196/2003, which superseded the Data Protection Act 675/1996). Main activities of the GARANTE include: supervising compliance with the provisions protecting private life; handling claims, reports and complaints lodged by citizens; banning or blocking processing operations that are liable to cause serious harm to individuals; carrying out on-the-spot inspections to also access databases directly; reporting to judicial authorities on serious infringements; raising public awareness of privacy legislation.

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 (updated in 2012) requires AGCOM to carry out market analysis to identify operators with SMP, 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;
- Wholesale central access for mass market products; and
- Wholesale high-quality access at a fixed location.

In the late 2015 the European Commission and other EU institutions have issued a new regulation called "Telecom Single Market" being effective in late April 2016 concerning a new charging regime for the international roaming in EU in the view of abolishing any retail roaming surcharges by June 2017 and the internet net neutrality rules.

MTR

AGCOM imposes certain transparency, access, non-discrimination, price control and cost accounting obligations on each of the mobile operators in Italy. Since the end of 2013 the rates imposed have been the same across each mobile network operator (EUR 0.98 per minute; approximately US$1.06 as of December 31, 2015). In September 2015, AGCOM published its final decision (497/15/CONS) regulating MTR up through 2017 confirming existing regulated values (EUR 0.98 per minute) and regulating as well MVNOs to the same value. The regulated MTR price is valid only for the traffic originated by customers of EU/EEA countries and terminated on Italian players.

MNP

Portability for both mobile and fixed is regulated in Italy by AGCOM. MNP as obligation at wholesale and donating operator level is free of charge. A charge (for Wind EUR 1 (approximately US$1.08 as of December 31, 2015) can be applied at commercial level where the customer wants to transfer with the number also the remaining prepaid credit on the SIM bought by the customer with 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 for each day's delay after day one.

Other

Fixed termination rates

AGCOM regulates fixed termination rates ("FTR") for certain operators (currently EUR 0.043 per minute from July 2015; approximately US$0.046 as of December 31, 2015). Telecom Italia is regulated also on collection and transit fees (currently EUR 0.140 and EUR 0.093, respectively, per minute from July 2015; approximately US$0.152 and US$0.100, respectively, as of December 31, 2015). Administrative court appeals on the FTR have been rejected, while AGCOM has opened a market analysis proceeding to determine whether any of the provisions relating to these rates will change at the end of 2015 and for the subsequent years.

Fixed-line and access regulation

Pursuant to EU law, national regulatory authorities, including AGCOM, may require an operator with "significant market power" to regularly produce a number of "reference interconnection offers", 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 Reference Offers of Telecom Italia cover the following services: (i) fixed-line collection, termination and transport, (ii) interconnection services (circuits), (iii) local loop unbundling, or "LLU", (iv) copper 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 prepare and communicate to AGCOM and other interconnected operators their RIO regarding fixed termination rates.

Moreover, AGCOM defined a review of the rules applicable to the fixed access markets applicable in the period 2014-2017 (so called "market analysis"). The final decision was published on December 22, 2015. Following this decision, many proceedings will be adopted in 2016 to comply with new rulings in order to define specific decisions (i.e. replicability tests, fixed KPIs, disaggregation and externalization of ancillary services and financed NGA networks).

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 decisions. Administrative court appeals by Telecom Italia will require AGCOM to reassess the methodology for setting universal fees prior to 2008.

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 since 2007. The current regulation approved in 2012 introduced an obligation on the network operator to grant decoupling of roaming services from domestic ones and grant data only roaming access on a WiFi-like model (so-called "local break out") from July 2014. The "Telecom Single Market" regulation approved on November 25, 2015 introduces a Roaming like at Home principle aimed to abolish any retail roaming surcharges by June 2017 (under a *fair use* of regulated roaming services), preceded by a transitional regime since April 2016 where limited surcharges are allowed. The same regulation eliminates obligation for decoupling of roaming services from domestic ones, while maintaining obligation to allow data only roaming access on a WiFi-like model ("local break out").

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 and 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, new comparative web-site, avoiding high billing and other customer-focused measures.

Data Protection

WIND, as a data controller and telecommunication company, is subject to data protection rules established both at the national level (e.g., The Italian Code for the Protection of Personal Data, Specific Measure on Cookies) and the European level (EU Directives, e.g., 2009/136, 2009/140). These rules constitute the framework for data protection and encompass a wide range of obligations, which can be roughly divided in three main areas: a) basic obligations for personal data processing, such as minimum security measures for data processing, security measures for traffic data processing and security measures for system administrators, b) obligations specifically related to profiling and enrichment (individual or aggregated), and c) data transfers to third party.

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.

Abolition of Mobile Recharge Fee

Fixed charges for mobile top-ups on prepaid SIM cards were abolished in March 2007.