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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

|X| **Annual Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2002

OR

|_| **Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**

Commission File Number: 1-14522

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
(Exact name of registrant as specified in its charter)

Russian Federation
(Jurisdiction of incorporation or organization)

10 Ulitsa 8 Marta, Building 14, Moscow, Russian Federation 127083
(Address of principal executive offices)

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 three-quarters of one share of common stock	New York Stock Exchange
Common stock, 0.005 rubles nominal value	New York Stock Exchange*
5.5% Convertible Notes due 2005	New York Stock Exchange

* 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:

40,332,201 shares of common stock, 0.005 rubles nominal value.

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 filing requirements for the past 90 days.

Yes |X| No |_|

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

Item 17 |_| Item 18 |X|

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* Omitted because the item is inapplicable.

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

EXPLANATORY NOTE

This Annual Report on Form 20-F describes matters that relate generally to Open Joint Stock Company "Vimpel-Communications," also referred to as VimpelCom, an open joint stock company organized under the laws of the Russian Federation, and its consolidated subsidiaries. Thus, we use terms such as "we," "us," "our" and similar plural pronouns when describing the matters that relate generally to the VimpelCom consolidated group.

This Annual Report on Form 20-F also describes matters that relate to our operations in the regions of the Russian Federation outside of the city of Moscow and the surrounding Moscow region. Thus, we use terms such as "the regions", "the regions outside of Moscow" and "the regions outside of the Moscow license area" and similar expressions when describing matters that relate to our operations in the regions of the Russian Federation outside of the City of Moscow and the surrounding Moscow region.

In addition, the discussion of our business and the wireless telecommunications industry contains references to numerous technical and industry terms, specifically:

- References to "GSM-900/1800" are to dual band networks that provide wireless mobile telephone services using the Global System for Mobile Communications standard in the 900 MHz and 1800 MHz frequency ranges. References to "GSM-1800" are to networks that provide wireless mobile telephone services using GSM in the 1800 MHz frequency range. References to "GSM-900" are to networks that provide wireless mobile telephone services using GSM in the 900MHz frequency range. References to "GSM" are to both the GSM-900 and GSM-1800 standards.
- References to "AMPS" are to both analog and digital versions of the Advanced Mobile Phone System cellular standard in the 800 MHz frequency range, and references to "D-AMPS" are to the digital version of AMPS.
- References to spectrum allocated are to one half of the total allocated spectrum, because two equal frequency bands are allocated to permit transmission by base stations and subscriber mobile telephone units.

Certain amounts and percentages that appear in this Annual Report on Form 20-F have been subject to rounding adjustments.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- our plans to expand or build networks, notably, in the regions of Russia outside of Moscow;
- our anticipated capital expenditures in Moscow and in the regions of Russia outside of Moscow;
- our ability to receive additional funding for our operations and the expansion of our business, including our regional business;
- our ability to change the terms of our agreements related to our subsidiary, Open Joint Stock Company "VimpelCom-Region", which we refer to in this Annual Report on Form 20-F as VimpelCom-Region;
- our plans to increase our subscriber base;
- expectations as to pricing for our products and services in the future and our future operating results;
- our ability to meet license requirements and to obtain and maintain licenses, frequency allocations and regulatory approvals;
- our plans to further develop and commercialize value added services and wireless Internet services;
- our expectations regarding our brand name recognition and our ability to successfully promote our brand;
- expectations as to the future of the telecommunications industry and the regulation of the telecommunications industry; 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 and the documents incorporated by reference include:

- risks relating to changes in political, economic and social conditions in Russia;
- risks relating to Russian legislation, regulation and taxation, including laws, regulations, decrees and decisions governing the Russian telecommunications industry and currency and exchange controls relating to Russian entities and their official interpretation by governmental and other regulatory bodies;
- risks relating to our company, including demand for and market acceptance of our products and services, regulatory uncertainty regarding our licenses and frequency allocations, constraints on our spectrum capacity, availability of line capacity and competitive product and pricing pressures; and
- other risks and uncertainties.

These factors and the other risk factors described in this Annual Report on Form 20-F and in the documents incorporated by reference are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our future results. Under no circumstances should the inclusion of such forward-looking statements in this 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 and we cannot assure you that projected results or events will be achieved. Except to the extent required by law, we disclaim any obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. Identity of Directors, Senior Management and Advisers

Not required.

ITEM 2. Offer Statistics and Expected Timetable

Not required.

ITEM 3. Key Information

A. Selected Financial Data

The following selected consolidated statement of operations data and consolidated balance sheet data present a summary of our historical consolidated financial information at December 31, 2002, 2001, 2000, 1999 and 1998 and for the years then ended and are derived from our consolidated financial statements and related notes, which have been audited by Ernst & Young (CIS) Limited. The selected consolidated financial data set forth below should be read in conjunction with our consolidated financial statements and related notes and the section of this Annual Report on Form 20-F entitled "Item 5 – Operating and Financial Review and Prospects."

	Years Ended December 31,				
	2002	2001	2000	1999	1998
	(in thousands of U.S. dollars, except per share and per ADS amounts)				
Consolidated statement of operations data					
Operating revenues:					
Service revenues and connection fees	US$727,868	US$383,321	US$252,333	US$206,542	US$344,793
Sales of handsets and accessories	49,934	43,228	32,031	31,457	30,372
Other revenues	1,842	1,347	1,309	638	792
Total operating revenues	779,644	427,896	285,673	238,637	375,957
Less revenue-based taxes	(11,148)	(5,294)	(11,537)	(12,232)	(14,959)
Net operating revenues	768,496	422,602	274,136	226,405	360,998
Operating expenses:					
Service costs	111,387	74,097	61,326	56,779	73,736
Cost of handsets and accessories sold	41,709	37,471	34,030	37,103	24,844
Cost of other revenues	55	120	157	242	411
Selling, general and administrative expenses	271,963	149,052	108,482	88,704	93,539
Depreciation and amortization	97,417	61,306	60,022	54,799	42,269
Impairment of long-lived assets	—	—	66,467	—	—
Provision for doubtful accounts	21,173	13,406	18,148	17,845	24,360
Total operating expenses	543,704	335,452	348,632	255,472	259,159
Operating income (loss)	224,792	87,150	(74,496)	(29,067)	101,839
Other income and expenses:					
Interest income	7,169	5,733	4,039	1,756	59
Other income (expense)	1,725	(481)	2,152	565	2,146
Gain (loss) on trading securities	36	420	(44)	905	(9,280)
Write-down of Russian government securities	—	—	—	—	(17,088)
Interest expense	(46,586)	(26,865)	(21,089)	(16,074)	(14,382)
Net foreign exchange loss	(9,439)	(110)	(2,661)	(2,572)	(48,125)
Total other income and expenses	(47,095)	(21,303)	(17,603)	(15,420)	(86,670)
Income (loss) before income taxes and minority interest	177,697	65,847	(92,099)	(44,487)	15,169
Income tax expense (benefit)	49,939	18,539	(14,343)	(5,564)	17,101
Minority interest in net (losses) earnings of subsidiaries	(1,794)	7	45	673	2,783
Net income (loss)	US$129,552	US$ 47,301	US$ (77,801)	US$ (39,596)	US$ (4,715)
Weighted average common shares outstanding	38,014	33,642	30,264	23,181	19,280
Net income (loss) per common share	US$ 3.41	US$ 1.41	US$ (2.57)	US$ (1.71)	US$ (0.24)
Net income (loss) per ADS equivalent(1)	US$ 2.56	US$ 1.06	US$ (1.93)	US$ (1.28)	US$ (0.18)
Weighted average diluted shares	44,489	40,068	30,264	23,181	19,280
Diluted net income (loss) per common share (2)	US$ 2.91	US$ 1.18	US$ (2.57)	US$ (1.71)	US$ (0.24)
Diluted net income (loss) per ADS equivalent(2)	US$ 2.18	US$ 0.89	US$ (1.93)	US$ (1.28)	US$ (0.18)
Dividends per share	—	—	—	—	—

(1) Each ADS is equivalent to three-quarters of one share of common stock.

(2) Diluted net income per common share and ADS equivalent includes dilution for all shares of our convertible preferred stock and our employee stock options in the periods when these shares and options had a dilutive effect (the years ended December 31, 2002 and 2001 for all shares of our convertible preferred stock and the year ended December 31, 2002 for our employee stock options). Our 5.5% Convertible Notes due 2005, which were issued by our subsidiary VimpelCom B.V. and to which we refer in this Annual Report on Form 20-F as the convertible notes, were not included in the computations of diluted earnings per share because they would not have a dilutive effect for all of the periods presented.

	Years Ended December 31,				
	2002	2001	2000	1999	1998
	(in thousands of U.S. dollars)				
Consolidated balance sheet data:					
Cash, cash equivalents and short-term investments	US$ 263,657	US$ 145,092	US$ 152,691	US$ 36,112	US$ 16,646
Working capital (deficit)	69,582	52,146	122,270	(38,782)	(46,259)
Property and equipment, net	957,602	535,405	356,666	369,053	357,788
Intangible assets, net	144,115	70,926	79,649	82,991	89,724
Total assets	1,692,744	925,806	700,315	590,095	536,067
Total debt, including current portion (1)	650,580	277,673	222,764	161,338	192,330
Total liabilities	1,030,081	417,685	331,692	289,107	333,131
Total shareholders' equity	US$ 662,663	US$ 508,121	US$ 368,623	US$ 300,988	US$ 202,936

(1) Includes bank loans (including our loan from J.P. Morgan AG), equipment financing, capital lease obligations and the convertible notes.

Selected Operating Data

The following selected operating data at December 31, 2002, 2001, 2000, 1999 and 1998 and for the years then ended have been derived from our company and from independent sources that we believe to be reliable. The selected operating data set forth below should be read in conjunction with our consolidated financial statements and related notes and the section of this Annual Report on Form 20-F entitled "Item 5 – Operating and Financial Review and Prospects."

	At December 31,				
	2002	2001	2000	1999	1998
Selected industry operating data:					
Estimated population:					
Moscow license area (1)	16,984,800	15,001,800	15,001,800	15,038,700	15,261,000
Russia (2)	145,181,900	146,181,818	143,541,666	150,555,555	142,000,000
Estimated subscribers:					
Moscow license area (3)	7,201,400	4,110,200	1,993,600	785,000	281,000
Russia (4)	18,005,000	8,040,000	3,445,000	1,355,000	710,000
Penetration rate:					
Moscow license area (5)	42.4%	27.4%	13.3%	5.2%	1.8%
Russia (6)	12.4%	5.5%	2.4%	0.9%	0.5%
Selected company operating data:					
End of period subscribers:					
Moscow license area	3,712,700	1,911,200	780,100	350,500	124,037
The regions (7)	1,440,400	200,300	53,500	21,800	11,525
Total subscribers	5,153,100	2,111,500	833,600	372,300	135,562
Market share:					
Moscow license area subscribers (3)	51.6%	46.5%	39.1%	44.6%	44.1%
Russian subscribers (8)	28%	N/A	N/A	N/A	N/A
Estimated coverage of Moscow license area (sq. km) (9)					
D-AMPS	40,000	39,700	39,700	37,400	36,700
GSM	46,770	46,500	44,200	34,000	4,034
Monthly average minutes of use per user ("MOU") (10)	92.3	105.3	90.6	137	295
Moscow license area MOU	93.6	106.1	N/A	N/A	N/A
Regional MOU	84.7	85.5	N/A	N/A	N/A
Monthly average revenue per subscriber ("ARPU") (11)	US$ 18.3	US$ 26.2	US$ 37.2	US$ 99	US$ 215
Moscow license area ARPU	US$ 19.4	US$ 26.5	N/A	N/A	N/A
Regional ARPU	US$ 12.4	US$ 21.9	N/A	N/A	N/A
Churn rate (12)	30.8%	23.0%	34.0%	25.0%	53.6%
Moscow license area churn rate	33.9%	23.7%	N/A	N/A	N/A
Regional churn rate	14.5%	8.9%	N/A	N/A	N/A
Number of Moscow license area operational base stations:					
D-AMPS	314	318	318	302	272
GSM	1,721	1,072	735	485	244
Number of regional operational base stations:					
D-AMPS	106	94	N/A	N/A	N/A
GSM	1,378	292	N/A	N/A	N/A

(1) The Moscow license area includes the City of Moscow and the area constituting the Moscow region. Population statistics for 1998 were published in "Geography of Russia 1998" by the Scientific Publishing House Bolshaya Russkaya Encyclopedia. Population statistics for 1999 to 2002 were published by Goskomstat.

(2) Estimated population statistics for 2002 were published by Goskomstat. Estimated population statistics for 1998 through 2001 are derived from the subscriber and penetration rate figures published by J'son & Partners and Sotovik.ru.

(3) Based on our estimates of active subscribers (namely, contract subscribers who have made payments in the last two months and prepaid subscribers who have had a charge on their phone in the last six months) on our networks and independent estimates of active subscribers on the networks of the other wireless telecommunications providers in the Moscow license area. Published data on the number of subscribers of other mobile wireless service providers may differ from each other and from our data because of the varying methodologies of accounting for active and inactive subscribers. See the section of this Annual Report on Form 20-F entitled "Item 3 – Key Information – D. Risk Factors – Risks Related to the Economic Situation in Russia – Because no standard definition of a subscriber exists in the mobile telecommunications industry, comparisons between subscriber data of different companies may be difficult to draw."

(4) Estimated subscribers for 2002 published by ACM-Consulting. Estimated subscribers for 1998 through 2001 published by J'son & Partners and Sotovik.ru.

(5) Total estimated Moscow license area subscribers expressed as a percentage of the estimated population of the Moscow license area.

(6) Penetration rate for 2002 is equal to the total estimated Russian subscribers expressed as a percentage of the estimated population of Russia. Penetration rate for 1998 through 2001 published by J'son & Partners and Sotovik.ru.

(7) Represents the total number of our GSM and AMPS/D-AMPS subscribers in the regions outside of the Moscow license area, including subscribers on networks of some of our subsidiaries and affiliates.

(8) According to Sotovik.ru.

(9) The Moscow license area is approximately 47,000 square kilometers.

(10) Monthly MOU is calculated for each month of the relevant period by dividing the total number of billable minutes of usage for incoming and outgoing calls during that month (excluding guest roamers) by the average number of subscribers during the month.

(11) Monthly ARPU is calculated for each month in the relevant period by dividing our service revenue during that month, including roaming revenue, but excluding revenue from connection fees and sales of handsets and accessories, by the average number of our subscribers during the month.

(12) Churn rate means the total number of subscribers disconnected from our network in a given period expressed as a percentage of the midpoint of the number of our subscribers at the beginning and end of that period. Migration of our subscribers from our D-AMPS network to our GSM network, as well as migration between tariff plans were technically recorded as churn, thereby contributing to the aggregate increase in the churn rate for the period between 1999 and 2002, although we did not lose these subscribers.

B. Capitalization and Indebtedness

Not required.

C. Reasons for the Offer and Use of Proceeds

Not required.

D. Risk Factors

The risk factors below are associated with our company, our ADSs and the convertible notes. Before purchasing our ADSs or the convertible notes, you should carefully consider the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition or results of operations could be adversely affected. In that case, the trading price of our ADSs or the convertible notes could decline and you could lose all or part of your investment.

We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties may not be the only ones we face. There may be additional risks that we currently consider not to be material or of which we are not currently aware, and any of these risks could have the effects set forth above.

Risks Related to the Political Environment in Russia

The volatile political situation in Russia could restrict our ability to obtain financing and our business could be harmed if governmental instability recurs or if reform policies are reversed.

Political conditions in Russia were highly volatile in the 1990s, as evidenced by the frequent conflicts between the president and parliament and the succession of six different prime ministers following the beginning of 1998. This instability negatively impacted Russia's business and investment climate. While its current president, Vladimir Putin, has maintained government stability and policies generally oriented towards the continuation of economic reforms, major policy shifts or a lack of consensus between Russia's parliament and President Putin could disrupt or reverse economic and regulatory reforms. In addition, State Duma elections are to be held at the end of 2003 and presidential elections in 2004. Any deterioration of Russia's investment climate could restrict our ability to obtain financing in the future in international capital markets and our business could be harmed if governmental instability recurs or if reform policies are reversed.

Conflicts between Russian federal and regional authorities and other political conflicts could create an uncertain operating environment for our company.

The delineation of authority among Russia's many regions, internal republics and the federal government as well as among the branches of government is often unclear. The Russian political system is therefore vulnerable to tension and conflict between federal and regional authorities over various issues, including tax revenues, authority for regulatory matters and regional autonomy. Our operations may be adversely affected by conflicts within the regions or between the regions and the federal government. As we expand our business nationally, the potential for these adverse effects may grow.

In addition, ethnic, religious, historical and other divisions have, on occasion, given rise to tensions and, in certain cases, military conflict. Russian military and paramilitary forces have been engaged in Chechnya in the recent past and continue to maintain a presence there. In addition, groups associated with the Chechen opposition have committed various acts of terrorism in population centers in Russia, resulting in significant loss of life, injury and damage to property. The spread of violence, or its intensification, could have significant political consequences, including the imposition of a state of emergency in some parts or throughout the Russian Federation. These events could materially and adversely affect the investment environment in Russia.

Risks Related to the Economic Situation in Russia

Economic instability in Russia could adversely affect our business.

Since the end of communism in the early 1990s, Russia's economy has been undergoing a rapid transformation from a one-party state with a centrally planned economy to a pluralist democracy with a market oriented economy. This transformation has been marked by periods of significant instability. In particular, the Russian government's decision to temporarily stop supporting the ruble in August 1998 caused the currency to collapse. At the same time, the Russian government defaulted on much of its short-term domestic debt and imposed a ninety-day moratorium on foreign debt payments by Russian companies. The Russian government subsequently entered into protracted negotiations with its creditors to reschedule the terms of its domestic and foreign debt. Thus far, these negotiations have not yielded terms favorable to Western creditors. It is possible that Russia may default on its domestic or foreign debt in the future or take other actions that could adversely affect its financial stability. Operating in such an economic environment makes it more difficult for us to obtain and maintain credit facilities, access international capital markets and obtain other financing to satisfy our future capital needs.

The August 1998 financial crisis marked the beginning of an economic downturn that affected the entire Russian economy and resulted in Russia's equity market being the worst-performing equity market in the world in 1998. We experienced a sharp increase in the number of non-paying and disconnecting subscribers, a reduction in minutes of airtime usage per subscriber and difficulty in attracting new subscribers in the fourth quarter of 1998 and the first quarter of 1999. In addition, we experienced a significant foreign exchange loss and loss on Russian government securities as a result of the August 1998 financial crisis. These factors contributed to our net losses for 1998 and 1999. Future downturns in the Russian economy are possible and could diminish demand for our services and our ability to retain existing subscribers and collect payments from them. Future downturns in the Russian economy could also prevent us from executing our growth strategy, which could cause our business to suffer.

Russia's physical infrastructure is in very poor condition and further deterioration in the physical infrastructure could have a material adverse effect on our business.

Russia's physical infrastructure largely dates back to Soviet times and has not been adequately funded and maintained over the past decade. Particularly affected are the rail and road networks, power generation and transmission, communications systems, and building stock. During the winter of 2000-2001, electricity and heating shortages in Russia's far-eastern Primorye Region seriously disrupted the local economy. Additionally, in August 2000, a fire at the main communications tower in Moscow interrupted television and radio broadcasting for weeks. Road conditions throughout Russia are poor, with many roads not meeting minimum quality requirements. The federal government is actively considering plans to reorganize the nation's rail, electricity and telephone systems. Any such reorganization may result in increased charges and tariffs while failing to generate the anticipated capital investment needed to repair, maintain and improve these systems.

The deterioration of Russia's physical infrastructure harms the national economy, disrupts the transportation of goods and supplies, adds costs to doing business in Russia and can interrupt business operations. These difficulties can impact us directly; for example, we have needed to keep portable electrical generators available to help us maintain base station operations in the event of power failures. Further deterioration in the physical infrastructure could have a material adverse effect on our business.

Fluctuations in the global economy may adversely affect Russia's economy and our business.

Russia's economy is 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 Russia and adversely affect the Russian economy. In addition, a steep decline in the world price of oil could slow or disrupt the Russian economy because Russia produces and exports large amounts of oil. These developments could severely limit our access to capital and could adversely affect the purchasing power of our subscribers and, consequently, our business.

We are only able to conduct banking transactions with a limited number of creditworthy Russian banks as the Russian banking system remains underdeveloped.

Russia's banking and other financial systems are not well developed or regulated and Russian legislation relating to banks and bank accounts is subject to varying interpretations and inconsistent applications. There are currently a limited number of creditworthy Russian banks with which our company can conduct banking transactions as the August 1998 financial crisis resulted in the bankruptcy and liquidation of many Russian banks and almost entirely eliminated the developing market for commercial bank loans. Most creditworthy Russian banks are located in Moscow and there are fewer creditworthy Russian banks in the regions outside of Moscow. We have received credit lines from the Savings Bank of the Russian Federation, or Sberbank, Russia's largest bank, and have tried to reduce our risk by receiving and holding funds in a number of Russian banks, including subsidiaries of foreign banks. However, another prolonged or more serious banking crisis or the bankruptcy of a number of banks in which we receive or hold our funds could adversely affect our business and our ability to complete banking transactions in Russia.

Fluctuations in the value of the ruble against the U.S. dollar or the Euro could materially and adversely affect our financial condition and results of operations.

Most of our costs, expenditures and liabilities, are either denominated in, or are closely linked to, foreign currencies, primarily the U.S. dollar and the Euro. These include capital expenditures, borrowings, interconnection fees and salaries. As a result, devaluation of the ruble against such foreign currencies, in particular the U.S. dollar, can adversely affect us by increasing our costs in ruble terms. Although we link our tariffs, which are payable in rubles, to the U.S. dollar, the effectiveness of this hedge is limited because we cannot always increase our tariffs in line with ruble devaluation due to competitive pressures, leading to a loss of revenues in U.S. dollar terms. Furthermore, we are required to collect revenues from our subscribers and from other Russian telecommunications operators for interconnect charges in rubles, and there are limits on our ability to convert these rubles into foreign currency. To the extent permitted by Russian law, we hold our readily available cash in U.S. dollars and Euros in order to manage against the risk of ruble devaluation. If the U.S. dollar value of the ruble declines, we could have difficulty repaying or refinancing our foreign currency denominated indebtedness. The devaluation of the ruble also results in losses in the value of ruble-denominated assets, such as ruble deposits.

By contrast, as of June 1, 2003 approximately US$97 million of our indebtedness was denominated in rubles. An increase in the U.S. dollar-value of the ruble could, unless effectively hedged, result in a net foreign exchange loss. In turn, our net income could decrease. Accordingly, any movement in the valuation of the ruble against the U.S. dollar or the Euro could materially and adversely affect our financial condition and results of operations.

Sustained periods of high inflation may adversely affect our business.

Russia has experienced high levels of inflation since the early 1990s. Inflation increased dramatically following the August 1998 financial crisis. The government's history of printing money to pay back wages, pensions and some of its debt has prompted concerns of hyperinflation. Due to high inflation and other economic and political pressures, the ruble lost significant value against the U.S. dollar and other foreign currencies in 1998 and 1999. Although our tariffs are linked to the U.S. dollar, our operating results could suffer if we are unable to sufficiently increase our prices to offset increased inflation, which may become more difficult as we attract more mass market subscribers and our subscriber base becomes more price sensitive.

Information that we have obtained from the Russian government and other sources may be unreliable.

The official data published by the Russian government is substantially less complete and less reliable than similar data in the United States and Western Europe. We cannot be certain that the information that we obtained from the Russian government and other sources and included in this document is reliable. When reading this Annual Report on Form 20-F, you should keep in mind that the Russian data and statistics that we have included could be incomplete or erroneous. In addition, because there are no current and reliable official data regarding the Russian wireless telecommunications market, including our competitors, we have relied, without independent verification, on certain publicly available information. This includes press releases and filings under the U.S. securities laws, as well as information from various private publications, some or all of which could be based on estimates or unreliable sources.

Risks Related to the Social Environment in Russia

Organized crime and corruption may adversely affect our operations.

Political and economic changes in Russia since the break-up of the Soviet Union have resulted in a significant redistribution of power and authority. In particular, Russia continues to experience widespread organized criminal activity and corruption, which adds to the uncertainties we face, may increase our costs and may, in the future, subject us to threats of violence and extortion. In addition, growing political pressure for the government to deal with corruption and organized crime could precipitate extraordinary government measures that could increase our costs, increase governmental oversight and regulation of our business and otherwise adversely affect our operations.

Social instability in Russia could lead to increased support for centralized authority and a rise in nationalism, which could harm our business.

Social instability in Russia, 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 Russian companies in the telecommunications industry or large-scale nationalization or expropriation of foreign-owned assets or businesses. We do not anticipate the nationalization or expropriation of our assets because neither we nor any of our subsidiaries were created as a result of privatization of any state enterprise. However, there is not a great deal of experience in enforcing legislation enacted to protect private property against nationalization and expropriation. As a result, we may not be able to obtain proper redress in the courts, and we may not receive adequate compensation if in the future the Russian government decides to nationalize or expropriate some or all of our assets. If this occurs, our business could be harmed.

Risks Related to the Legal and Regulatory Environment in Russia

Russia's developing legal system creates a number of uncertainties for our business.

The following aspects of Russia's legal system create uncertainty with respect to many of the legal and business decisions that we make. Many of these risks do not exist in countries with more developed legal systems:

- inconsistencies among laws, presidential decrees and ministerial orders and among local, regional and federal legislation and regulations;
- decrees, resolutions, regulations and decisions adopted without clear constitutional or legislative basis by governmental authorities and agencies with a high degree of discretion;
- changes to Russian law as currently in effect that make it more difficult for us to conduct our business or prevent us from completing certain transactions;
- substantial gaps in the regulatory structure created by the delay or absence of implementing regulations for certain legislation;
- the lack of judicial and administrative guidance on interpreting applicable rules and the limited precedential value of judicial decisions;
- an understaffed, underfunded judiciary with limited experience in interpreting and applying market oriented legislation whose independence may be subject to economic, political and nationalistic influences; and
- weak enforcement procedures for court judgments.

We operate in an uncertain regulatory environment, which could cause our operations to become more complicated, burdensome and expensive.

The Ministry of Communications and Informatization of the Russian Federation, which we refer to in this Annual Report on Form 20-F as the Ministry of Communications, and other regulatory bodies regulate the Russian telecommunications industry, largely through the issuance of licenses. There is currently no comprehensive legal framework with respect to the provision of telecommunications services in Russia, although a large number of laws, decrees and regulations govern or affect the telecommunications industry. Some of these laws, decrees and regulations are unclear while others contradict each other or otherwise make it difficult to comply with certain requirements due to the numerous technical requirements imposed on telecommunications companies. As a result, officials of the Ministry of Communications and other regulatory bodies have a fairly high degree of discretion. A draft law on communications currently under consideration would increase the role played by the Ministry of Communications without a corresponding increase of the checks on its authority. This draft law, which has passed its third reading in the Duma, the lower house of Russia's parliament, also contemplates the imposition of an additional fee on telecommunications service providers. The imposition of such a fee could adversely affect our business.

As a result of changes in existing regulations, changes in interpretations of existing regulations or arbitrary regulatory decisions affecting our licenses, frequencies or other aspects of our business, we could experience:

- restrictions on how and where we can provide our services;
- restrictions or delays in receiving approvals on our applications and communications for necessary regulatory approvals for rolling out our network in the regions for which we had licenses as well as the Far East region, for which we do not currently have a license;
- significant additional costs;
- delays in implementing our operating or business plans; or
- increased competition.

For example, in April 2001, we received preliminary approvals from the Ministry of Defense and the Scientific Research Radio Institute for the receipt of frequency permissions in the 900 MHz frequency range for the launch of 279 additional base stations and transceivers operating in the 900 MHz frequency band in the Moscow license area. Based on these preliminary approvals and in accordance with Russian law, the Frequency Center should have issued the frequency permissions for these base stations and transceivers by the end of April 2001. However, these permissions were only issued in September 2001 after a settlement agreement with the Frequency Center was approved in August 2001.

In addition, due to the rigorous regulatory framework in which we operate, the rapid expansion of our network and the time it takes to obtain the permissions, it is often the case that we are not able to obtain all of the permissions for each of our base stations before we put the base stations into commercial operation or to amend or maintain all of the permissions when we make changes to the location or technical specifications of our base stations. At times, there can be a significant number of base stations for which we do not have final permission to operate and there can be delays of several months until we obtain the final permissions for particular base stations. To date, we have received 36 warnings from the Department of Supervision over Communications and Informatization in the Russian Federation, or Gossvyaznadzor, a division of the Ministry of Communications, with respect to this. We have complied with the requirements of 13 of these warnings and are in the process of complying with the remaining 23 warnings. We cannot assure you that we will not be found to be in violation of the applicable regulations in this regard in the future. Any such finding could adversely affect our business.

Furthermore, in January 2001, our GSM licenses for the Moscow license area, the Central and Central Black Earth, North Caucasus, Siberian and Volga regions and our Moscow D-AMPS license were amended by the Ministry of Communications to provide that we will be required to pay fees, which are calculated as a portion of our revenues for services provided in each region, and to transfer this amount to the Ministry of Communications on a monthly basis. In accordance with the terms of our licenses, as of April 2001, we transfer 0.3% of revenues earned under our licenses (calculated in rubles and in accordance with applicable Russian tax laws) to the Ministry of Communications. The GSM licenses that we obtained in 2002 covering the Northwest and Ural regions are also subject to these fees. In addition, the draft law on communications currently under consideration contains a provision establishing a fund to support the provision of universal, multipurpose telecommunications services throughout the Russian Federation. This would be funded by telecommunications service providers in an amount to be determined by the Russian Government. If this law is adopted in its current form, additional mandatory levies will adversely affect our results of operations.

If we are found to not be in compliance with applicable telecommunications laws or regulations, we could be exposed to additional costs, which might adversely affect our business.

We cannot assure you that regulators, judicial authorities or third parties will not challenge our compliance with applicable laws, decrees and regulations. The Ministry of Communications and other authorities conduct periodic inspections and have the right to conduct additional inspections during the year. In the past, we have been able to cure violations found by Gossvyaznadzor within the applicable grace period and/or pay fines. We are currently in the process of curing technical violations identified by Gossvyaznadzor, notably relating to the build-out of our networks in the regions, as well as certain technical violations identified with respect to our GSM network in the Moscow license area and our D-AMPS network in the regions outside of the Moscow license area. In late 2000 and the beginning of 2001, Gossvyaznadzor began extensive testing of our company's and some of our operating subsidiaries' base stations and network, which at times resulted in operational and build-out delays. Furthermore, each of our regional GSM licenses contains a requirement that the license be registered with the local Gossvyaznadzor authority. However, due to political uncertainty, the authorities have not registered our license in the Republic of Dagestan and there is no local Gossvyaznadzor in Chechnya. We use our best efforts to comply with all applicable laws, decrees and regulations. However, we cannot assure you that in the course of future inspections conducted by the Ministry of Communications, Gossvyaznadzor or other authorities, we will not be found to have violated any laws, decrees or regulations, that we will be able to cure such violations within any grace periods permitted by such authorities, and that such findings will not result in the imposition of fines or penalties or more severe sanctions, including the suspension or withdrawal of our licenses, frequency allocations, authorizations, registrations or other permissions, any of which could increase our estimated costs and adversely affect our business.

It may be difficult and expensive for us to comply with applicable Russian telecommunications regulations.

It may be difficult and expensive for us to comply with applicable Russian telecommunications regulations related to state surveillance of telecommunications traffic. Russian law provides that telecommunications may be intercepted pursuant to a court order. Existing regulations require telecommunications networks to be capable of allowing the government to monitor electronic traffic and require telecommunications operators to finance the cost of additional equipment. Currently, we are in compliance with these Russian law requirements and, accordingly, certain government agencies are able to monitor electronic traffic on our network.

In addition, local authorities may impose additional requirements to service public safety announcements in the event of an emergency by posting short messaging service, or SMS, messages to all subscribers. The Moscow city authorities are currently reviewing whether to implement such requirements, which would require us to invest in additional equipment to meet capacity demands in order to satisfy such requirements. It may be difficult and expensive for us to comply with any such new requirements.

Russia's developing securities laws and regulations may limit our ability to attract future investment and could subject us to fines or other enforcement measures despite our best efforts at compliance, which could cause our financial results to suffer and harm our business.

The regulation and supervision of the securities market, financial intermediaries and issuers are considerably less developed in Russia than in the United States and Western Europe. Disclosure and reporting requirements, anti-fraud safeguards, insider trading restrictions and fiduciary duties are relatively new to Russia and are unfamiliar to most Russian companies and managers. In addition, Russian securities rules and regulations can change rapidly, which may adversely affect our ability to conduct securities-related transactions. While some important areas are subject to virtually no oversight, the regulatory requirements imposed on Russian issuers in other areas impose requirements on Russian issuers not found in other markets and result in delays in conducting securities offerings and in accessing the capital markets. It is often unclear whether certain regulations, decisions and letters issued by the various regulatory authorities apply to our company. Moreover, some of our subsidiaries have from time to time not been in full compliance with Russian securities law reporting requirements, violations of which can result in the imposition of fines or difficulties in registering subsequent share issuances. We may be subject to fines or other enforcement measures despite our best efforts at compliance, which could cause our financial results to suffer and harm our business.

Lack of independence and experience of the judiciary, difficulty of enforcing Russian court decisions, Russia's unpredictable acknowledgement and enforcement of foreign court judgments or arbitral awards and governmental discretion in enforcing claims give rise to significant uncertainties.

The independence of the judicial system and its immunity from economic, political and nationalistic influences in Russia remain largely untested. The court system is understaffed and underfunded. Judges and courts are generally inexperienced in the area of business and corporate law. Judicial precedents generally have no binding effect on subsequent decisions. Not all Russian legislation and court decisions are readily available to the public or organized in a manner that facilitates understanding. The Russian judicial system can be slow. Enforcement of court orders can in practice be very difficult in Russia. All of these factors make judicial decisions in Russia difficult to predict and effective redress uncertain. Additionally, court claims are often used in furtherance of political aims. We may be subject to such claims and may not be able to receive a fair hearing. Additionally, court orders are not always enforced or followed by law enforcement agencies.

In addition, the Russian Federation is not party to any multilateral or bilateral treaties with most Western jurisdictions for the mutual enforcement of court judgments. Consequently, should a judgment be obtained from a court in any of such jurisdictions, it is highly unlikely to be given direct effect in Russian courts. However, the Russian Federation (as successor to the Soviet Union) is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, which we refer to as the New York Convention. A foreign arbitral award obtained in a state that is party to the New York Convention should be recognized and enforced by a Russian court (subject to the qualifications provided for in the New York Convention and compliance with Russian civil procedure regulations and other procedures and requirements established by Russian legislation). There is also a risk that Russian procedural legislation will be changed by way of introducing further grounds preventing foreign court judgments and arbitral awards from being recognized and enforced in Russia. In practice, reliance upon international treaties may meet with resistance or a lack of understanding on the part of Russian courts or other officials, thereby introducing delays and unpredictability into the process of enforcing any foreign judgment or any foreign arbitral award in the Russian Federation.

Russia's unpredictable federal and local tax systems give rise to significant uncertainties and risks that complicate our tax planning and business decisions.

Russia's federal and local tax laws and regulations are subject to frequent change, varying interpretations and inconsistent enforcement. In addition, Russia's federal and local tax collection system and historically large government budget deficits increase the likelihood that Russia will impose arbitrary or onerous taxes and penalties in the future, which could adversely affect our business. In some instances, even though unconstitutional, Russian tax authorities have applied certain taxes retroactively. In addition to our substantial tax burden, these conditions complicate our tax planning and related business decisions. For example, some tax laws are unclear with respect to the deductibility of certain expenses and recoverability of VAT and, at times, we have taken positions that we consider to be in compliance with current law, but have been challenged by the Russian tax authorities. We have been successful in defending our tax positions to date and decisions in our favor have generally not been appealed or have been confirmed on appeal. However, there is a chance that the tax authorities may decide to appeal certain decisions in the future within the periods prescribed for such appeals. Uncertainty related to Russian tax laws exposes us to significant fines and penalties and to enforcement measures despite our best efforts at compliance, and could result in a greater than expected tax burden.

It is likely that Russian tax legislation will become more sophisticated in the future. The introduction of new tax provisions may affect the overall tax efficiency of our group and may result in significant additional taxes becoming payable. Although we will undertake to minimize such exposures with effective tax planning, we cannot assure you that additional tax exposure will not arise in the future. Additional tax exposure could cause our financial results to suffer. In addition, financial statements of Russian companies are not consolidated for tax purposes under Russian law. As a result, each entity in our group pays its own Russian taxes and may not offset its profit or loss against the loss or profit of another entity in our group.

Laws restricting foreign investment in the telecommunications industry could adversely affect our business.

We could be adversely affected by the passage of new laws or regulations restricting foreign participation in, or increasing state control of, the Russian telecommunications industry. Since 1996, Russia's parliament has considered legislation that would restrict foreign ownership of telecommunications providers, such as our company, if necessary to protect the social order and national security. It has been recently reported that in connection with Russia's possible membership in the World Trade Organization, or WTO, which would bring greater competition to the Russian market, some Russian regulatory officials are seeking to limit foreign ownership in Russian fixed line and wireless telecommunications companies. Russia and member states of the WTO are currently in negotiations on Russia's membership in the WTO. Recent press reports indicate that Russia may be ready to join the WTO in 2004. We cannot confidently predict whether this or other legislation limiting foreign ownership will be implemented and if so, whether we would have to restructure or reduce our foreign investors' ownership interests, as foreign investors currently own a majority of our outstanding shares of common stock (including shares of common stock evidenced by ADSs). We are uncertain how any required reduction or restructuring could or would be implemented and what effect it would have on our business. A restructuring or reduction of this nature could cause our business to suffer.

Restrictive currency regulations may interfere with our ability to conduct routine business transactions.

A substantial majority of our revenues are received in rubles. The ruble is generally not convertible outside of Russia and the conversion of rubles into foreign currency on the domestic market is subject to Russian currency regulations. Russian currency regulations allow businesses to convert rubles into foreign currency only for certain purposes and require certain regulatory steps to be taken before conversion. Our limited ability to convert our ruble earnings into foreign currency may adversely affect our financial condition. Furthermore, we have had difficulty buying U.S. dollars in Russia in the past, and we cannot be certain that a market for converting rubles into foreign currency will continue to exist in the future.

If we lose any of our Central Bank licenses, fail to receive Central Bank or Ministry of Finance licenses when needed or breach any of the terms of such licenses, we may suffer cash flow difficulties and a loss or breach of a Central Bank or Ministry of Finance license could constitute an event of default under the convertible notes or our loan agreement with J.P. Morgan.

Many capital transactions with foreign currencies require transaction-specific licenses from the Central Bank of Russia. Applying for a Central Bank license is a burdensome and time-consuming process. The Central Bank of Russia may impose additional requirements or deny our application for such licenses, which could harm our business. We were required to obtain Central Bank licenses in connection with our guarantees to vendors in connection with vendor-financed equipment purchases ultimately paid for with U.S. dollars or Euros. In addition, we were also required to obtain a Central Bank license in connection with our guarantee of the convertible notes. Russian foreign currency law also requires us to obtain a Ministry of Finance license for any period during which foreign cellular operators owe us money under our roaming agreements that exceeds 90 days between the date that we render the service and the date that we settle any amounts owed that are denominated in foreign currencies. We are in the process of obtaining the necessary license from the Ministry of Finance. The loss of a Central Bank license, our failure to obtain required Central Bank or Ministry of Finance licenses in the future or the breach of a Central Bank or Ministry of Finance license could result in fines and penalties, and could result in a default by VimpelCom B.V. on the convertible notes. Such a loss, failure or breach could also result in a default by our company under the loan agreement that we entered into with J.P. Morgan in connection with J.P. Morgan's US$250 million loan to our company. See "Item 5 – Operating and Financial Review and Prospects – Liquidity and Capital Resources – Financing Activities." If this occurs, all amounts payable under the convertible notes and the loan from J.P. Morgan could be accelerated.

Central Bank of Russia regulations also restrict investments in most foreign-currency denominated instruments. Consequently, there are a limited number of low risk instruments in which we can invest our excess cash.

Some transactions between us and interested parties or affiliated companies require the approval of disinterested directors or shareholders and our failure to obtain these approvals could adversely affect our ability to expand our networks and could have a material adverse effect on our business.

We are required by Russian law and our charter to obtain the approval of disinterested directors or shareholders for transactions with "interested parties." In general terms, interested parties include any of our shareholders, together with their affiliates, that own at least 20% of our voting shares, our directors, our Chief Executive Officer or any entities in which these entities or individuals own a specified interest or occupy specified positions. Due to the technical requirements of Russian law, these same parties may be deemed to be "interested parties" also with respect to certain transactions between entities within our group. For example, at the annual general meeting of our shareholders held on June 27, 2003, we asked our shareholders to approve a series of interested party transactions between our company and VimpelCom-Region, pursuant to which we will provide VimpelCom-Region with additional debt financing. The results of the shareholder vote on this issue are still being tabulated. It is possible that we might not be able to obtain the necessary approval, which is a majority vote of our "disinterested directors" or "disinterested shareholders," for transactions that we deem to be very important or advantageous, including this additional debt financing. The failure to obtain necessary approvals could adversely affect our ability to expand our networks and could have a material adverse effect on our business.

In addition, the concept of "interested parties" is defined with reference to the concepts of "affiliated persons" and "group of persons" under Russian law, which are subject to many different interpretations. Moreover, the provisions of Russian law defining which transactions must be approved as "interested party" transactions are subject to different interpretations. Although we have generally taken a reasonably conservative approach in applying these concepts, we cannot be certain that our application of these concepts will not be subject to challenge. Any such challenge could result in the invalidation of transactions that are important to our business.

Russian law may expose us to liability for actions taken by our subsidiaries or joint venture entities.

Under Russian law, we may be jointly and severally liable for any obligations of a subsidiary or joint venture entity under a transaction if:

- we have the ability to issue mandatory instructions to the subsidiary or joint venture entity and that ability is provided for by the charter of the subsidiary or joint venture entity or in a contract between us and them; and
- the subsidiary or joint venture entity concluded the transaction pursuant to our mandatory instructions.

In addition, we may have secondary liability for any obligations of a subsidiary or joint venture entity if:

- the subsidiary or joint venture entity becomes insolvent or bankrupt due to our actions or our failure to act; and
- we have the ability to make decisions for the subsidiary or joint venture entity as a result of our ownership interest, the terms of a contract between us and them, or in any other way.

In either of these circumstances, the shareholders of the subsidiary or joint venture entity may seek compensation from us for the losses sustained by the subsidiary or a joint venture entity if we knew that the action taken pursuant to our instructions or the failure to act would result in loss. This type of liability could result in significant obligations and adversely affect our business.

Shareholder rights provisions under Russian law may impose additional costs on us, which could cause our financial results to suffer.

Under Russian law, our shareholders, including holders of our ADSs, that vote against or abstain from voting on some decisions have the right to sell their shares to us at market value, determined by our board of directors. Our obligation to purchase shares in these circumstances, which is limited to 10% of our net assets calculated at the time the decision is taken according to Russian accounting standards, could have an adverse effect on our cash flow and our ability to service our indebtedness. The decisions that trigger this right to sell shares include:

- a reorganization;
- the approval by shareholders of a "major transaction", the value of which comprises more than 25% but not more than 50% of our assets, calculated in accordance with Russian accounting standards, in the event that our board of directors was unable to reach a unanimous decision to approve the transaction and regardless of whether the transaction is actually consummated; and
- the amendment of our charter in a manner that limits shareholder rights.

In 2000, in compliance with the above-mentioned provisions, we were required to repurchase some of our shares of common stock from shareholders that voted against or abstained from voting on specific matters relating to our July 2000 convertible note/ADS offering. Consequently, we spent approximately US$5.5 million to acquire 103,239 shares of our common stock at a price well above the market price on the actual date of acquisition and prior to the consummation of the transactions the approval of which gave rise to this repurchase obligation. As required by Russian law, we offered our shareholders a similar redemption right in connection with our transaction with Alfa Group. In October 2001, we spent US$74,880 to acquire 3,744 shares of our common stock in connection with this redemption.

Amendments to the Russian Law On Joint Stock Companies, which were adopted on August 7, 2001 and became effective on January 1, 2002, provide that shareholders, including holders of our ADSs, who vote against or abstain from voting on a decision to place shares of our stock or convertible securities through a closed subscription (or private placement) have a preemptive right to acquire additional shares or convertible securities at the same price pro rata to the number of shares they own. This requirement may lead to further delays in completing equity and convertible offerings and may lead to uncertainty with respect to sales of newly-issued shares to strategic investors.

Risks Related to Our Business

Increased competition and a more diverse subscriber base have resulted in declining average monthly service revenues per subscriber, which may adversely affect our results of operation.

While our subscriber base and revenues are growing as we continue to grow our operations in Moscow and to expand into regions outside of Moscow, our average monthly service revenues per subscriber are decreasing. We expect to see a continued decline due to tariff decreases and the increase of mass-market subscribers as a proportion of our overall subscriber mix. This decline in our average monthly service revenues per subscriber may adversely affect our results of operation.

If we are unable to maintain our favorable brand image, we may be unable to attract new subscribers and retain existing subscribers, leading to loss of market share and revenues.

Our ability to attract new subscribers and retain existing subscribers depends in part on our ability to maintain what we believe to be our favorable brand image. Negative rumors regarding our services could adversely affect this brand image. In addition, consumer preferences change and our failure to anticipate, identify or react to these changes by providing attractive services at competitive prices could negatively affect our market share. The loss of market share could negatively affect our revenues.

The public switched telephone networks have reached capacity limits and need modernization, which may inconvenience our subscribers and will require us to make additional capital expenditures.

Due to the recent growth in fixed and mobile telephone use in Moscow, the city's "095" code has reached numbering capacity limits and an additional code or codes are expected to be introduced in the future. Calls between a new code and another code will require callers to dial through "8," the long distance dialing prefix, which is also used by our "federal" number subscribers. The overtaxing of these long distance lines may inconvenience our subscribers by causing incoming and outgoing calls to have lower completion rates. Resolving these issues will require additional investment. In addition, continued growth in local, long-distance and international traffic, including that generated by our subscribers, may require substantial investment in public switched telephone networks.

Although the operators of public switched telephone networks are normally responsible for these investments, their weak financial condition may prevent them from making these investments. Since we are financially strong relative to these public network operators, we may be compelled to make such investments on their behalf, placing an additional burden on our financial and human resources. Additionally, assuming we do make such investments, we may not own the assets resulting from such investment. While we cannot estimate the financial and operating burdens associated with such investments, they may be substantial.

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

We have substantial amounts of outstanding indebtedness, primarily our obligations under the following:

- our obligations under the loan agreement with J.P. Morgan, pursuant to which J.P. Morgan extended a loan of US$250 million to our company;
- the convertible notes;

- two loans from Sberbank;
- our obligations under vendor financing agreements with Alcatel SEL AG and Ericsson Credit AB;
- a loan from Nordea Bank Sweden (publ) and Bayerische Hypo- und Vereinsbank AG; and
- our obligations under vendor financing agreements with General DataCom and Technoserv.

In addition, on May 20, 2003, we issued ruble-denominated bonds through LLC VimpelCom Finance, a consolidated Russian subsidiary of our company, in an aggregate principal amount of three billion rubles, or approximately US$97 million at the Central Bank exchange rate on May 20, 2003. See "Item 5 – Operating and Financial Review and Prospects – Financing Activities" and "Item 8 – Financial Information – B. Significant Changes."

As of December 31, 2002, our total outstanding indebtedness was approximately US$650.6 million on an actual basis and US$747.6 million on an as-adjusted basis, assuming that we issued the ruble-denominated bonds on December 31, 2002. As of December 31, 2002, our consolidated subsidiaries, which include KB Impuls and VimpelCom-Region, held US$254.3, or approximately 39.1% of our actual total indebtedness. If we incur additional indebtedness, the related risks that we now face could increase. Specifically, we may not be able to generate enough cash to pay the principal, interest and other amounts due under our indebtedness.

Our substantial leverage and the limits imposed by our debt obligations could have significant negative consequences, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing or to refinance existing indebtedness;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the amount of our cash flow available for other purposes, including capital expenditures and marketing efforts;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and
- placing us at a possible competitive disadvantage relative to less leveraged competitors and competitors that have greater access to capital resources.

We must generate sufficient net cash flow in order to meet our debt service obligations and we cannot assure you that we will be able to meet such obligations. If we are unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments, we would be in default under the terms of our indebtedness and the holders of our indebtedness would be able to accelerate the maturity of such indebtedness and could cause defaults under our other indebtedness.

If we do not generate sufficient cash flow from operations in order to meet our debt service obligations, we may have to undertake alternative financing plans to alleviate liquidity constraints, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital expenditures or seeking additional capital. We cannot assure you that any refinancing or additional financing would be available on acceptable terms, or that assets could be sold, or if sold, of the timing of the sales and whether the proceeds realized from those sales would be sufficient to meet our debt service obligations. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance debt on commercially reasonable terms, would materially and adversely affect our business, financial condition, results of operation and business prospects.

We are dependent on payments from KB Impuls to generate funds necessary to meet our obligations.

Most of our operating income and cash flow from operations is generated by KB Impuls. Our GSM license for the Moscow license area is held by KB Impuls. Although our company collects revenues derived from our Moscow GSM network on behalf of KB Impuls under the terms of a service agreement, we do not hold legal title to such revenues. We charge fees for this and other services that we render to KB Impuls, but we do not have a security interest or a priority right over the amounts collected on behalf of KB Impuls to ensure payment of these fees. As a result, we are dependent on the revenues of KB Impuls to generate funds necessary to meet our obligations, including our obligations under our loans from Sberbank, Nordea and Bayerische, and J.P. Morgan and on the convertible notes. We expect that the funds necessary to meet our debt obligations will be provided primarily by payments under the service agreement with KB Impuls, as well as debt repayments, dividends and distributions from KB Impuls and our other subsidiaries or payments under service, agency and similar agreements. Our ability to obtain cash from KB Impuls and our other subsidiaries to meet our debt service obligations may be limited by contractual and legal restrictions on our subsidiaries and by their financial condition and requirements for cash to conduct their operations.

We may not be able to recover, or realize the value of, the debt and equity investments that we make in KB Impuls, VimpelCom-Region or other subsidiaries.

We currently intend to lend funds to, and make further debt and equity investments in, one or more of our subsidiaries under intercompany loan agreements and other types of contractual agreements. In particular, we currently intend to invest in VimpelCom-Region to fund the continued development of our regional networks. Several of our subsidiaries, including KB Impuls and VimpelCom-Region, are parties to third-party financing arrangements that restrict our ability to recover our investments in these subsidiaries through the repayment of loans or the payment of dividends.

In addition, certain of VimpelCom-Region's existing indebtedness places a limit on the amount of indebtedness that it can repay to our company, in an amount equal to the aggregate level of equity contributions made by all shareholders of VimpelCom-Region after August 21, 2002. Since this date, VimpelCom-Region has only received an equity contribution of US$175.44 million. Alfa Group, through Eco Telecom Limited, part of the Alfa Group of companies, is currently committed to make an equity contribution of US$58.52 million to VimpelCom-Region in November 2003, subject to extension in certain cases. We cannot assure you that this equity contribution will be made on a timely basis or at all. If this equity contribution is not made by Alfa Group, it will be difficult for VimpelCom-Region to repay indebtedness owing to our company until the maturity or prepayment of these third-party financing arrangements.

The restrictions on either KB Impuls or VimpelCom-Region to repay debt or pay dividends or other distributions or payments to us under service or agency agreements may make it difficult for us to meet our debt service obligations.

If our service agreement with KB Impuls is determined to violate the provisions of our GSM license for the Moscow license area and the license is subsequently terminated, our business will be adversely affected.

The Ministry of Communications has issued regulations and letters describing the types of services that should be rendered by license holders, and the types of services that a license holder may procure from a third party, but these regulations and letters are somewhat contradictory and confusing. The Ministry of Communications has not issued formal regulations regarding service agreements of the type that we have entered into with KB Impuls and generally does not review and approve proposed arrangements, although in the course of various inspections of our operations, bodies within the Ministry of Communications have been provided with copies of the service agreement in effect. To date, the Ministry of Communications has not challenged these types of service agreements. However, the Ministry of Communications may change its position and view these agreements as violating the general prohibition on transfer and assignment of licenses. Thus, it is possible that some of our service arrangements could be found to technically violate Ministry of Communications regulations. Although regulators typically provide notice and an opportunity to cure violations of license requirements, it is possible that our GSM license for the Moscow license area could be terminated without notice and an opportunity to cure. If this license were to be terminated, our business would be adversely affected.

Although we reported a profit for 2002 and 2001, we reported net losses in 2000, 1999 and 1998, and we cannot assure you that we will remain profitable in the future.

Although we reported net income of US$129.6 in 2002 and US$47.3 million in 2001, we reported net losses of US$77.8 million, US$39.6 million and US$4.7 million in 2000, 1999 and 1998, respectively. In the future, we may not be able to increase revenues in light of changed market or economic conditions. We cannot assure you that we will be able to sustain or increase profitability on a quarterly or annual basis.

Our quarterly revenues and operating results are volatile.

Our quarterly revenues and operating results are volatile and difficult to predict. It is possible that our future quarterly operating results will be below the expectations of public market analysts or investors. Our quarterly operating results have varied in the past and are likely to vary significantly from quarter to quarter in the future. As a result, we believe that period-to-period comparisons of our results of operations are not a good indication of our future performance. Our quarterly results may fluctuate as a result of a variety of factors, including:

- the size of our subscriber base;
- changes in pricing by us or our competitors;
- increased competition;
- the nature and effectiveness of investments made by our company in connection with our regional operations;
- growth or cancellations of service contracts;
- developments relating to our existing licenses and frequency allocations or the issuance of new licenses or frequency allocations; and
- general economic conditions.

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

Future revenues from our prepaid and contract subscribers, our two primary sources of revenues, are unpredictable. We do not require our prepaid subscribers to enter into service contracts and cannot be certain that they will continue to use our services in the future. We require our contract subscribers to enter into service contracts. However, many of our service contracts can be cancelled by the subscriber with limited advance notice and without significant penalty. Our churn rate, which is the number of subscribers disconnected from our network within a given period expressed as a percentage of the midpoint of the number of subscribers at the beginning and end of that period, fluctuates significantly and is difficult to predict. Our churn rate was 30.8% in 2002, 23.0% in 2001 and 34.0% in 2000. Migration of our subscribers from our D-AMPS network to our GSM network, as well as migration between tariff plans, are technically recorded as churn even though the subscribers are retained, thereby contributing to the aggregate increase in the churn rate for the period between 1999 and 2002, even though we did not lose these subscribers. The loss of a larger number of subscribers than anticipated could result in a loss of a significant amount of expected revenues. We experienced stagnant revenue growth in late 2002 as a result of industry-wide seasonal factors, the introduction by MTS of a new prepaid service, and aggressive tariff reductions by Megafon. Because we incur costs based on our expectations of future revenues, our failure to accurately predict revenues could put our business in jeopardy.

Covenants in our debt agreements restrict our ability to borrow and invest, which could impair our ability to expand or finance our future operations.

The loan agreement with J.P. Morgan, the indenture governing the convertible notes and our credit facility with Nordea and Bayerische contain a number of covenants that impose significant operating and financial restrictions on us and our subsidiaries. Significant additional covenants are also included in our vendor financing agreements with Alcatel and Ericsson, as well as in our credit agreements with Sberbank. These restrictions significantly limit, and in some cases prohibit, among other things, the ability of our company and certain of our subsidiaries to incur additional indebtedness, create liens on assets, enter into business combinations or engage in certain activities with our subsidiaries. A failure to comply with these restrictions would constitute a default under the agreements discussed above. In the event of such a default, our obligations under one or more of these agreements could, under certain circumstances, become immediately due and payable, which would have a material adverse effect on our business and our shareholders' equity.

We anticipate that we will need additional capital and may not be able to raise it.

We expect that cash flows from our operations, the proceeds from the May 2003 issuance of ruble-denominated bonds, the equity investments in VimpelCom-Region to be made by Alfa Group and vendor and bank financing will provide sufficient funds for capital expenditures, working capital and debt service for the next 12 months. However, to meet our projected capital requirements through 2004, we anticipate that we will need to raise approximately US$350 million in additional debt financing in the Russian and/or international capital markets. We anticipate that we will need additional capital for a variety of reasons, such as:

- financing our strategy to develop our regional GSM licenses, including possible acquisitions of existing operators or any payments required in connection with new licenses granted to us;
- financing new technologies, such as third generation, or 3G, services;
- improving our infrastructure, including our information technology systems;
- financing our subscriber growth strategy;
- enhancing our service and subscriber support;
- responding to unexpected increases in the pace of network development;
- complying with regulatory requirements or developments;
- taking advantage of new business opportunities; and
- implementing changes in our business strategy.

Due to a variety of factors, including perceived risks related to our operational performance, regulatory developments or deterioration in the Russian economy, we may not be able to raise additional capital on acceptable terms. We may have to sell stock at prices lower than those paid by a portion of our current shareholders, leading to dilution, or we may have to sell stock or debt instruments with rights superior to those of holders of our common stock. If we cannot obtain adequate financing on acceptable terms, we may be unable to take advantage of opportunities or to meet unexpected financial requirements. This could cause us to delay or abandon anticipated expenditures or otherwise limit operations, which could adversely affect our business.

In addition, to the extent that VimpelCom-Region needs to raise additional capital to fund its future capital requirements, we may be required to obtain financing from the shareholders of VimpelCom-Region through additional equity contributions. To the extent that we cannot contribute at least our pro rata share of such contributions, our equity ownership in VimpelCom-Region may be diluted.

Our wireless licenses may not be extended or may be suspended or revoked, which could adversely affect our business.

Our regional GSM licenses expire in various years from 2008 to 2012. Our other GSM and AMPS/D-AMPS licenses expire in various years from 2004 to 2012. We cannot predict whether these licenses will be renewed after expiration. If renewed, our licenses may contain additional obligations, including payment obligations, or may cover reduced service areas. If our GSM license for the Moscow license area, which expires on April 28, 2008, is not renewed, our business could be adversely affected. Depending on the growth of our business in the other license areas, the failure to have any other particular license renewed could also adversely affect our business. Our D-AMPS licenses will not be renewed when they expire.

We are required to meet certain conditions to maintain each of our licenses, including:

- commencing service by a certain date;
- meeting certain line capacity and territorial or population coverage benchmarks by specified dates; and/or

- developing coverage of particular cities by specified dates.

If we fail to meet start-of-service dates, line capacity, territorial or population coverage requirements or other technical requirements under any of our regional licenses, or if extensions requested are not granted and action is taken against our company or our subsidiaries, our business could be adversely affected. Our GSM licenses covering the Central and Central Black Earth, North Caucasus, Siberian and Volga regions required us, among other things, to meet certain coverage requirements for certain specified cities by December 31, 2001. The requirement in our regional GSM licenses that specified cities be covered by certain networks by a specified date is a relatively new type of licensing requirement. Russian telecommunications legislation does not clearly define what "coverage" of a city means and does not clearly regulate the construction and launching of GSM networks. As a result, there is a possibility that the Ministry of Communications and our company may interpret the requirements differently and, consequently, we may be in violation of our regional GSM licenses despite our best efforts at compliance. In a non-binding clarification from the Ministry of Communications issued in December 2001, the Ministry of Communications stated that this coverage requirement could be met by GSM-900 coverage, and that no minimum number of base stations need be installed to meet this requirement. Accordingly, we understand that so long as at least one base station is installed in each such city in the 900 MHz frequency range, the license requirement is met. We have installed at least one 900 MHz base station, based upon all necessary permissions that we are required to receive from various Russian government agencies, in each of the cities indicated in the regional licenses for the Central and Central Black Earth, North Caucasus, Siberian and Volga regions except in Dudinka in the Siberian license area, Naberezhnye Chelny in the Volga license area and Mahachkala in the North Caucasus region and except for those cities in which the start-of-service date has been extended to December 31, 2003 (and we believe that the dates by which the territorial coverage requirements must be met were also deemed to be extended as a result of the extension of the start-of service dates). We are currently in the registration stage of obtaining the necessary permissions for Dudinka, Naberezhnye Chelny and Mahachkala. However, we did not have all of these base stations installed with all necessary permissions by December 31, 2001.

We believe that, as of today, we have met the coverage requirements in all cities required under these four regional GSM licenses except as stated above. In addition, we have not received any notifications from the Ministry of Communications regarding this provision in the licenses. However, we cannot assure you that the Ministry of Communications will not find that we did not fully meet our coverage requirements by December 31, 2001 in some or all cities. Furthermore, our GSM licenses covering the Northwest and Ural regions require us to meet certain territorial coverage requirements (expressed as percentages of the population) by specified dates, none of which have yet passed. If we fail to meet any coverage requirements in our licenses, we would anticipate that the Ministry of Communications would provide a warning to our company or our subsidiaries and provide us with an opportunity to cure any non-compliance. However, we cannot assure you that we will receive a grace period, and we cannot assure you that any grace period afforded to us would be sufficient to allow us to cure any remaining non-compliance. In the event that we do not cure any remaining non-compliance, the Ministry of Communications could remove certain cities from our licenses or the Ministry of Communications could decide to suspend or terminate the entire license. The occurrence of any of these events would adversely affect our ability to build out our networks in the regions in accordance with our business plan and could harm our reputation in the regions.

We did not meet the start-of-service date requirement under certain of our AMPS/D-AMPS regional licenses on a timely basis, but we have not received any warnings or notices and have since started service in each of these regions. Currently, we are not in compliance with the territorial coverage requirements for our AMPS/D-AMPS license in the Karelia, Ryazan, Samara and Tver license areas, and we have not met the line capacity requirements under our AMPS/D-AMPS licenses in Karelia, Ryazan, Tver, Ulyanovsk and Vologda and have not obtained waivers or extensions. Although some of our AMPS/D-AMPS regional license start-of-service dates, line capacity and territorial coverage requirements, and frequency allocations have been extended or waived in the past, we cannot assure you that we will receive extensions or waivers of these or any other requirements under our licenses, frequency permissions or other governmental permissions, if needed, in the future.

If we fail to completely fulfill the specific terms of any of our GSM or AMPS/D-AMPS licenses, frequency permissions or other governmental permissions or if we provide services in a manner that violates applicable legislation, government regulators may suspend or terminate our licenses, frequency permissions or other governmental permissions. A suspension or termination of any of our licenses could harm our business and our results of operations.

We face uncertainty regarding payments for frequency allocations and under the terms of some of our licenses.

Historically, licensed wireless service providers in Russia received frequency allocations at no cost. However, in June 1998, the government enacted a decree requiring wireless service providers to pay a fee for the use of radio frequency spectrum for a specified list of telecommunications services, which included services that we provide. To date, we have not been charged significant fees for frequency allocations in our license areas, other than for a portion of our GSM-900 services in the Moscow license area and the Central and Central Black Earth license area. However, we may be required to pay for additional frequency allocations in the future, which could negatively affect our financial results.

In August 1998, the Russian government issued a decision according to which we had to pay US$30.0 million, initially due within 25 days, for the use of 15 frequency channels in connection with our receipt of permission to provide GSM-900 services in the Moscow license area and the Central and Central Black Earth license area. After an initial payment, the Government of Russia issued a decision in September 1998 allowing us to pay the balance of the US$30.0 million in periodic installments. Thereafter, we were instructed to pay the installments to different state bodies. The outstanding balance of this amount was approximately US$4.2 million as of December 31, 2001, which we have now paid to accounts that were indicated by the Ministry of Defense, with the deduction of certain expenses incurred by our company in connection with experimental works performed during the process of releasing frequency spectrum. We cannot assure you that we will not be required to pay for additional frequency channels that we use or need. The loss or suspension of any of our frequency allocations could affect our ability to provide services and adversely affect our business.

Our ability to provide wireless services would be severely hampered if our access to line capacity or federal telephone numbers was limited or if the commercial terms of our interconnect agreements were significantly altered.

Our ability to interconnect with the public switched telephone network and other local, domestic and international networks in a cost-effective manner is critical to the economic viability of our operations. Interconnections with these operators is required to complete calls originating on our networks but terminating outside of them, and to complete calls to our subscribers originating outside of our networks. A significant increase in our interconnection costs or a lack of available line capacity for interconnections could have an adverse effect on our ability to provide services. We anticipate that fixed line providers will significantly increase their interconnect costs in the near future as the public telephone networks begin to adjust their fee structures in Russia to reflect operating costs, which, in turn, will increase our operating costs. We currently have numbering capacity agreements with a small number of telecommunications providers in Moscow, some of which are affiliated with our main Moscow competitor, Mobile TeleSystems, or MTS. Additionally, we are contractually obligated to obtain the consent of certain of these companies to use local Moscow lines from other telecommunications providers.

We have interconnect agreements with Rostelecom, which transmits to our subscribers a substantial portion of incoming traffic from the public switched network of Moscow, operated by the Moscow City Telephone Network, or MGTS. Recently, our subscribers have experienced difficulties receiving calls from MGTS subscribers due to a shortage in the number of links between our network and Rostelecom's network. We have remedied this by increasing the number of available links with Rostelecom. In addition, MTT has installed a local switching center, or LSC, in Moscow, which transmits incoming traffic from MGTS to PLMN. Currently, a portion of calls to or from our subscribers interconnects with MGTS through this LSC. As the number of our subscribers increases, technical improvements to Rostelecom's exchanges and/or the exchanges of other telephone line capacity providers with whom we have interconnect agreements may be required to ensure sufficient links are available for our subscribers. If Rostelecom or any other provider is unable to make required technical improvements, if the difficulties experienced by our subscribers with Rostelecom's network recur or if any of our other telephone line capacity providers in Moscow become unreliable, we could experience serious interruptions in our ability to provide services. In addition, we will have to issue new telephone numbers to certain of our subscribers who do not use federal numbers if one of our interconnect agreements is terminated and replaced by an interconnect agreement with an alternative provider.

Federal telephone numbers are an important feature of our mass market strategy. Because we incur fewer costs in acquiring and providing service on federal numbers, we can offer service on federal numbers to price-sensitive subscribers. Our right to use federal telephone numbers was originally granted only for our GSM network. The basis on which we used federal numbers for our D-AMPS subscribers in the past could be subject to challenge. In accordance with agreements reached with the Ministry of Communications, we now have the right to use the federal numbers for our D-AMPS subscribers until we receive numbering in a new area code, which the Ministry of Communications has already established as area code 499. However, there have been delays in the construction of the new area code.

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

In order to commence our pilot operations in specific cities in our GSM license areas, we applied for and received minimal frequency assignments in each of the cities in which we have commenced operations. As we build out our operations in the GSM license areas, we submit a frequency application and a site plan to the appropriate bodies for approval. Based on the results of this study and the available frequency at that time, specific frequencies in specific areas in each of our GSM license areas may be allocated to us. However, there is a limited amount of frequency available for wireless operators and we cannot be certain that frequency will be allocated to us, that it will be allocated to us in a timely manner or that it will be adequate in terms of quantity and geographic coverage to allow us to provide wireless services on a commercially feasible basis throughout all of our license areas. Furthermore, frequency allocations are typically issued for periods shorter than the terms of the licenses (sometimes for less than one year) and, therefore, at any given time we are in the process of renewing many such permissions to keep our network operators. We cannot assure you that such permissions will be renewed.

In September 2000, we received a letter from Gossvyaznadzor requesting the release, as of November 1, 2000, of 30 frequency channels (each representing 200 kHz of spectrum) in the 900 MHz frequency band in the Moscow license area. These channels were part of the frequencies issued to our subsidiary, KB Impuls, for the operation of our GSM network in the Moscow license area. We believed that this letter was not consistent with Russian law and we vigorously opposed any attempt to reallocate such frequencies unfairly. In October 2000, following the submission of requests and applications by our company, we received a letter from Gossvyaznadzor stating that the validity of our frequency permissions was restored. In addition, in February 2001, we received a letter from Gossvyaznadzor stating that the September 2000 letter was recalled. We cannot assure you that a similar event will not occur in the future or that as we work with Gossvyaznadzor in the future, we will not voluntarily release frequencies in certain areas if necessary.

If we fail to obtain renewals or extensions of our frequency allocations for our GSM network in the Moscow license area, our business could be harmed.

Our frequency allocations for most of our license areas expire prior to the expiration date of our corresponding licenses. We cannot predict whether we will be able to obtain extensions of our frequency allocations and whether extensions will be granted in a timely manner and without any significant additional costs. It is possible that there could be a re-allocation of frequencies upon the expiration of existing allocations or the granting of frequency allocations for the same channels as our frequency allocations, requiring that we coordinate the use of our frequencies with the other license holder and/or experience a loss of quality in our network.

If we fail to obtain renewals or extensions of our frequency allocations for our GSM network in the Moscow license area, which expire on various dates between 2003 and 2008, or if other license holders are granted overlapping frequencies, our business could be adversely affected. Depending on the growth of our business in our other license areas, the failure to obtain renewal or extension of any other frequency allocations could also adversely affect our business.

The frequency allocations for our GSM network in the Moscow license area are limited in comparison to the frequencies allocated to wireless service providers in other countries. The less frequency that is allocated to a wireless service provider, the fewer number of subscribers a network can handle. Our limited frequency allocations could cause us to incur significant additional costs in building out our networks, interfere with our ability to provide wireless services and limit our growth, all of which might harm our business.

We may be required to contribute to the cost of the Russian government's 900 MHz frequency conversion.

In November 2001, the Russian government approved a program that calls for the transfer of the frequency used by air traffic control systems from the 900 MHz frequency range to the 1.0 GHz frequency range. If the Russian government requires our company and other wireless operators to finance the transfer costs, our financial results could be harmed, and we and our competitors may be required to pass on some of the increased costs to subscribers.

We face intense competition from an increasing number of strong competitors.

Competition among telecommunications service providers in Moscow is intense and increasing as providers are utilizing new marketing efforts to retain existing subscribers and attract new ones. For example, wireless service providers in the Moscow license area, including us, have lowered tariffs and, from time to time, offered handset subsidies. Our efforts to compete for subscribers based on reduced tariffs and lower equipment prices could greatly reduce our revenues and may not succeed. If this occurs, it may be difficult for us to remain profitable in the future.

Our primary competitor in the Moscow license area, MTS, initiated GSM service in Moscow several years before we did. Consequently, we had to spend considerable resources building our GSM-900/1800 network in 1999 and 2000 to reach a comparable level of service and coverage. MTS currently has a larger subscriber base, a greater share of the higher-use subscriber market and frequency allocations that provide MTS with a potential quality advantage with respect to its GSM-900 service. Deutsche Telekom AG, a telecommunications company with significant telecommunications assets and experience, recently reported that it beneficially owns 25.2% of MTS's voting shares. Sistema, a diverse Russian holding company with interests in several telecommunications companies, recently reported that it beneficially owns 51.9% of MTS's voting shares. Because of its strategic relationships with Sistema and Deutsche Telekom, MTS may have access to greater financial resources than our company in the future. According to our company's estimates, as of March 31, 2003, MTS's subscriber market share in the Moscow license area was approximately 44.2%, compared to our subscriber market share in the Moscow license area of 49.5%.

MTS has recently experienced subscriber growth up to three to four percent higher than us, as well as higher revenue growth. MTS has recently introduced a prepaid service called "Jeans" that may rival our leadership in prepaid service. Our "Bee+" prepaid service is a main factor contributing to our comparatively low subscriber acquisition cost and we expect it to be the main source of future revenue growth in the Moscow license area. Our stagnant revenue growth in late 2002 was due, in part, to the introduction of MTS's "Jeans" prepaid service.

In the Moscow license area, we also compete with Sonic Duo, a wholly-owned subsidiary of OAO Megafon. Megafon was formed on May 29, 2002 as a result of the merger of nine regional mobile phone operators. Megafon's shareholders include Telecominvest and TeliaSonera, the leading telecommunications group in the Nordic and Baltic regions. Sonic Duo received a dual band GSM-900/1800 license for the Moscow license area in May 2000, began providing roaming services in Moscow to subscribers of other wireless operators in the third quarter of 2001 and commenced operations in Moscow in late November 2001. Sonic Duo markets its services in Moscow under the Megafon brand name. According to J'son & Partners and Sotovik.ru, Sonic Duo had approximately 388,000 subscribers as of March 31, 2003, representing a subscriber market share of approximately 5%. The entry of Sonic Duo in the Moscow license area may lead to additional price competition among the GSM operators in Moscow, which could cause our financial results and market share to suffer. In late 2002, Sonic Duo aggressively lowered tariffs in an effort to attract more subscribers, which was a factor in our stagnant revenue growth during this period.

In the regions outside of the Moscow license area, GSM, AMPS/D-AMPS and/or NMT-450 networks are operational in many regions. MTS, Megafon and their affiliates are our main competitors in the regions outside of the Moscow license area. MTS has reported that it holds licenses to operate wireless networks in areas populated by 169.2 million people in 58 regions of Russia, as well as Belarus and Ukraine. Megafon reportedly holds licenses covering 100% of the population of the Russian Federation. However, due in part to the existing distribution of licenses, these companies do not operate in all regions in which we operate, and we do not operate in all regions in which MTS and Megafon operate or will operate. As of March 31, 2003, we had approximately 2.24 million subscribers in the regions. By comparison, MTS reported that, as of March 31, 2003, it had approximately 4.19 million subscribers in the regions and Megafon reported that, as of March 31, 2003, it had approximately 3.35 million subscribers in the regions.

We compete for GSM subscribers with MTS in the Central and Central Black Earth and Siberian license areas and both MTS and Megafon in the North Caucus, Northwest, Ural and Volga license areas. MTS and Megafon have both had operations in the Northwest region, which includes St. Petersburg, the second largest city in Russia, before we did. We only recently launched commercial operations in St. Petersburg on April 15, 2003, where we will provide our subscribers with roaming service while we expand our network. In the Volga region, the Ministry of Communications recently issued a license to MTS covering Samara and MTS recently announced that it acquired a controlling interest in TAIF-TELKOM OJSC, which has a GSM license covering the Republic of Tatarstan. MTS's new Samara license and the TAIF-TELKOM acquisition represent a significant extension of MTS's license portfolio in the Volga region. In addition, both MTS and Megafon hold GSM licenses in the Far East region, where we do not currently have a GSM license.

We also compete for GSM subscribers with local GSM and D-AMPS operators in the regions. For instance, we compete with SMARTS, a company that also holds licenses, either directly or indirectly through joint ventures, for GSM-900 networks in the Volga license area and in certain parts of the Central and Central Black Earth license area. We may also compete with affiliates of MCT Corporation, which operate under the "Indigo" brand name. MCT Corporation reportedly owns interests in 18 wireless operators in Russia that operate using the GSM and D-AMPS standards. According to press reports, OAO Svyazinvest, Russia's state-owned telephone holding company, is contemplating the acquisition of a 50% interest in each of three regional mobile phone operators. If these acquisitions are consummated, Svyazinvest would become one of Russia's largest national cellular operators, along with MTS, Megafon and us.

Our competitors have established and will continue to establish relationships with each other and with third parties. These third-party relationships provide our competitors with access to personnel, capital, equipment and other resources that may not be available to us. These resources could provide our competitors with advantages that could cause our business to suffer. Furthermore, current or future relationships among our competitors and third parties may restrict our access to critical systems and equipment. New competitors or alliances among competitors could rapidly acquire significant market share. We cannot assure you that we will be able to forge similar relationships or successfully compete against them.

We face competition from an increasing number of technologies and may face greater competition as a result of the issuance of new wireless licenses.

The three principal competing wireless technologies currently licensed and operating in the Moscow license area are GSM-900/1800, operated by us, MTS and Sonic Duo, D-AMPS, operated by us, and a Nordic Mobile Telephone network operating in the 450 MHz frequency range, or NMT-450, operated by MCC. GSM networks are operated in most regions in Russia. Competitors that are able to operate networks that are more cost effective than ours may have competitive advantages over us, which could cause our business to suffer.

The Ministry of Communications may grant additional licenses for any or all of the wireless standards in the license areas in which we operate, including GSM. In May 2001, the Ministry of Communications announced plans to issue GSM-1800 licenses to AMPS/D-AMPS operators in Russia. The decision to issue additional GSM-1800 licenses was primarily due to the fact that the AMPS standard will no longer be used in Russia by 2010 in favor of other technologies. We estimate that as of March 31, 2003, approximately 36 such licenses were granted to AMPS/D-AMPS operators. The issuance of additional licenses for existing wireless standards for any of the license areas in which we operate could greatly increase competition and threaten our business.

In addition, the Ministry of Communications has granted licenses based on Code Division Multiple Access, or CDMA, technology for the provision of fixed wireless services in a number of regions throughout Russia. CDMA is a second generation digital cellular telephony technology that can be used for the provision of both mobile and fixed telephone services. The holder of the CDMA license in Moscow, Sonet, is reported to be controlled by Sistema, which is also a shareholder of MTS, our primary competitor. Although CDMA technology is currently classified in Russia as a fixed telephone service, it may be used for mobile communications and there is a risk that it may be offered for use through portable handsets.

We may also face competition from other communications technologies. One-way paging or beeper services that feature voice message and data display as well as tones may be adequate for potential subscribers who do not need to transmit back to the caller. Providers of traditional wireline telephone service may compete with us as their services improve. Additionally, IP protocol telephony may provide competition for us in the future. The increased availability or marketing of these technologies could reduce our subscribers and adversely affect our business.

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

The wireless telecommunications industry is characterized by rapidly changing technology and evolving industry standards. The rapid technological advances in the wireless telecommunications industry make it difficult to predict the extent of future competition. It is possible that the technologies we utilize today will become obsolete or subject to competition from new technologies in the future for which we may be unable to obtain the appropriate license. For example, 3G wireless standards, such as the Universal Mobile Telecommunications Services, or UMTS, standard, are significantly superior to existing second generation standards, such as GSM. The Ministry of Communications was expected to announce the allocation procedure for 3G licenses during the second half of 2002 and to issue these licenses in 2003. To date, however, no allocation procedures have been announced and no 3G licenses have been issued.

Accordingly, our future success will depend, in part, on our ability to quickly identify the most promising technology and being the first licensee of such technology. In this respect, among the most important challenges facing us are the need to:

- effectively integrate new and leading technologies;
- continue to develop our technical expertise;
- influence emerging industry standards; and
- respond to other technological changes.

We may not be able to meet all of these challenges in a timely and cost-effective manner. In addition, we may not be able to acquire licenses for 3G wireless standards, which we may deem necessary to compete, on reasonable terms and we may not be able to develop a strategy compatible with this or any other new technology. If this occurs or if we otherwise fail to meet the challenges described above, our business may be adversely affected.

It may be more difficult for us to attract new subscribers in the regions outside of Moscow than it is for our competitors that established a local presence prior to the time that our company did.

We do not possess a “first mover advantage” in the regions outside of Moscow where we currently operate or intend to provide services in the future. In many cases, we have been the second, third or fourth wireless operator to enter a particular regional market. For example, MTS and Megafon have both had operations in the Northwest region, which includes St. Petersburg, before we did. We only recently launched commercial operations in St. Petersburg on April 15, 2003. In addition, both MTS and Megafon currently hold GSM licenses in the Far East region, where we do not currently have a GSM license. As a result, it may be more difficult for our company to attract new subscribers in the regions than it is for our competitors (including MTS and Megafon and their respective affiliates) that entered markets and established a local presence in some cases years before we did. In addition, we cannot assure you that we will be successful in obtaining a license for the Far East region or that we will be able to acquire existing operators in the Far East region on commercially attractive terms.

The regions outside of Moscow are expected to become more significant to our company, MTS and Megafon as subscriber growth over the next few years is expected to grow in the regions at a higher rate than in Moscow. If we are not successful in penetrating local markets outside of Moscow, our business may be adversely affected.

Our strategic partnerships and joint ventures to develop our services in the regions in Russia are accompanied by inherent business risks.

In May 2001, we signed a series of agreements with Alfa Group and Telenor to develop our regional license areas outside of Moscow. In November 2001, Alfa Group completed the purchase of 5,150,000 newly-issued shares of our common stock for US$103 million, which we contributed (together with an additional US$15.64 million of our own funds, at the exchange rate as of the date of contribution) as equity to VimpelCom-Region, representing the first of three tranches of equity investments in which VimpelCom-Region will raise up to US$337 million. In November 2002, the second tranche of equity investments in VimpelCom-Region was completed when Alfa Group, Telenor and our company each purchased 1,462 newly-issued shares of common stock for a consideration of US$58.48 million each. The third and final tranche of equity investments is scheduled to be completed in November 2003 (subject to extension in certain cases), pursuant to which Alfa Group is to invest an additional US$58.52 million as equity in VimpelCom-Region. We may enter into strategic partnerships and joint ventures with other companies in the future to develop other aspects of our business including our GSM operations outside the Moscow license area. Emerging market strategic partnerships and joint ventures are often accompanied by risks, including:

- the possibility that a strategic or joint venture partner or partners will default in connection with a capital contribution or other obligation, thereby forcing us to fulfill the obligation;
- the possibility that a strategic or joint venture partner will hinder development by blocking capital increases if that partner runs out of money or loses interest in pursuing the partnership or joint projects;
- diversion of resources and management time;
- potential joint and several or secondary liability for transactions and liabilities of the partnership or joint venture entity; and
- the difficulty of maintaining uniform standards, controls, procedures and policies.

Telenor and Alfa Group may have different strategies in pursuing regional development than we do, and they may have different strategies from one another. If VimpelCom-Region encounters financial difficulties or if these strategies vary significantly from our company's strategies, Telenor or Alfa Group may cause VimpelCom-Region or our company, directly or indirectly, to pursue transactions to protect or enhance their equity investments in VimpelCom-Region to our detriment. Any such conflict of interests may affect our ability to service or repay our debt obligations.

We may encounter difficulties in expanding and operating our networks.

Increasing the capacity of our networks in the Moscow license area and expanding the geographic coverage of our networks into our regional license areas are important components of our plan to increase our subscriber base. We may encounter difficulties in building our networks or face other factors beyond our control that could affect the quality of services, increase the cost of construction or operation of our networks or delay the introduction of services. As a result, we could experience difficulty in increasing our subscriber base or could fail to meet license requirements, either of which may have an adverse effect on our business. We may encounter difficulties with respect to:

- delivering services that are technically and economically feasible;
- financing increases in network construction and development costs, including in the regions;
- providing service coverage to a large geographic area outside the Moscow license area;
- obtaining in a timely manner and maintaining licenses, frequency allocations and other governmental permissions sufficient to provide services to our subscribers;
- marketing our services in a large geographic area to a new potential subscriber base outside the Moscow license area with lower average income;
- obtaining sufficient interconnect arrangements, including federal telephone numbers for our subscribers;
- meeting demands of local special interest groups;
- obtaining compliance certificates for our telecommunications equipment in a timely and cost-efficient manner; and

- obtaining adequate supplies of network equipment and handsets.

The limited history of wireless telecommunications in our regional license areas in Russia and our limited operating history in GSM in the regions create additional business risks, which could have an adverse affect on our business.

Wireless telecommunications are relatively new in the Russian regions, which have experienced slower economic growth over the past decade than Moscow. As the wireless telecommunications industry develops in our regional license areas, changes in market conditions could make the development of some regional license areas less or no longer commercially feasible. A reduction in our viable development opportunities could have an adverse effect on our business.

In addition, we have a limited operating history providing GSM services in the regions. Consequently, we are subject to the risks associated with entering into any new product line. Our failure to properly manage those risks, including those risks specified below, could have an adverse effect on our business:

- unrealistic expectations about our operational ability and our ability to meet license and other regulatory requirements;
- unrealistic expectations about our ability to obtain in a timely manner and maintain licenses, frequency allocations and other governmental permissions sufficient to provide services to our subscribers;
- unexpected difficulties in executing our business plan;
- inaccurate assumptions about market size, characteristics and conditions; and
- delays in reacting to changing market conditions.

Some of our contract subscribers or contractual counterparts may fail to pay us or to comply with the terms of their agreements with us, which could adversely affect our business.

Russia’s inexperience with a market economy relative to more developed economies poses numerous risks that could interfere with our business. Some Russian businesses have a limited history of operating without state directives and little experience entering into and fulfilling contractual obligations. Many Russian companies generally face significant liquidity problems due to a limited supply of domestic savings, few foreign sources of funds, limited lending by the banking sector to the industrial sector and other factors. As a result, the failure to satisfy liabilities is widespread among Russian businesses and the government. Many Russian companies cannot make timely payments for goods or services and owe large amounts of overdue federal and local taxes, as well as wages to employees. Many Russian companies have also resorted to paying their debts or accepting settlement of accounts receivable through barter arrangements or through the use of promissory notes. Furthermore, it is difficult for us to gauge the creditworthiness of some of our contract subscribers, because there are no reliable mechanisms for evaluating their financial condition and because reliable credit reports on Russian companies and individuals are usually not available. Consequently, we face the risk that some of our contract subscribers or contractual counterparts will fail to pay us or fail to comply with the terms of their agreements with us, which could adversely affect our business.

We cannot assure you that a market for our future services will develop or that we can satisfy subscriber expectations, which could result in a significant loss of our subscriber base.

We currently offer our subscribers a number of value added services, including voice mail, SMS, call forwarding, wireless Internet access and data transmission services. Despite investing significant resources in marketing, we may not be successful in creating or competing in a market for these value added services. In particular, we cannot assure you that we can:

- enhance our current services;
- develop new services that meet changing subscriber needs;

- generate significant demand for our new services through successful advertising and marketing initiatives;
- satisfy subscriber expectations with respect to value added services;
- compete against lower service rates charged by our competitors;
- provide our new services in a profitable manner; and
- continue to offer value added services in the event of adverse changes in economic conditions.

If we fail to obtain widespread commercial and public acceptance of our new services, our visibility in the Russian telecommunications market could be jeopardized, which could result in a significant loss of our subscriber base. We cannot assure you that subscribers will continue to utilize the services we offer.

We depend heavily on our senior management and key technical personnel and, because of our rapid growth and expansion, we may have difficulty attracting and retaining qualified professionals to manage our growth.

Our future operating results depend in large part upon the continued contributions of key senior managers and technical personnel. We cannot be sure that their services will continue to be available to us in the future, nor do we have key personnel life insurance covering any of our senior managers. Our current CEO and General Director, Jo Lunder, is under contract with our company until the end of June 2003. We have begun the search process for a new CEO and General Director and, as the search process continues, Mr. Lunder has agreed to continue to serve as our company ’s CEO and General Director for a period to be mutually agreed upon between our company and Mr. Lunder. Thereafter, Mr. Lunder is expected to continue as a director of our company, serving as Chairman of the Board of Directors. We could be adversely affected if we are unable to attract a highly qualified professional to succeed Mr. Lunder or if any of our other senior managers ceased to actively participate in the management of our business, whether upon the expiration of their contracts or earlier.

In addition, our rapid growth over a short period of time has significantly strained our managerial and operational resources and is likely to continue to do so. Our personnel, systems, procedures and controls may be inadequate to support our future operations. Effectively managing our growth will require, among other things:

- stringent control of network build-out and other costs;
- improvement of reporting, operating and control systems to ensure compliance with applicable law;
- further development of information technology systems;
- improvement of financial and management controls; and
- hiring, training and retaining new personnel.

To successfully manage our growth and development, we will depend in large part upon our ability to attract, train, retain and motivate highly skilled employees and management. However, because of the rapid growth of the telecommunications market, there is significant competition for employees who have experience in technology, telecommunications infrastructure and programming. There may be a limited number of persons with the requisite skills to serve in these positions, particularly in the markets where we operate outside of Moscow. In the future, it may be increasingly difficult for us to hire qualified personnel. Further, we may lose some of our most talented personnel to our competitors. If we cannot attract, train, retain and motivate qualified personnel, then we may be unable to successfully manage our growth or otherwise compete effectively in the Russian mobile telecommunications industry, which could adversely affect our business.

Our management information and billing systems may be inadequate to support our future growth, which could adversely impact our business.

We have recently implemented new billing and management information systems that we believe will provide the capability and flexibility to support our anticipated growth. However, we may face risks in rolling out the systems in the regions or integrating new technologies into these systems. If our new billing system develops unexpected limitations or problems, subscriber bills may not be generated promptly and correctly. This could adversely impact our business since we would not be able to collect promptly on subscriber balances. In addition, our current management information system is significantly less developed in certain respects than those of wireless service providers in more developed markets and may not provide our management with as much or as accurate information as in those more developed markets.

We could lose control of the sites where our switches are located as well as some of our network, office and telecommunications equipment if there is an event of default under agreements related to our secured debt.

Our credit agreement with Sberbank is secured by, among other things, the real property where the switches used to operate our Moscow GSM networks are located, as well as where certain network equipment is located. Our wireless network of radio base stations is connected to these switches by our point-to-point microwave network and fiber optic network and coordinated with network software. If a default occurs under the credit agreement, Sberbank could obtain control over the pledged property, which includes the sites where our switches are located, as well as other network equipment. In addition, our agreements with Alcatel, Ericsson, Nordea and Bayerische, and Sberbank are secured by equipment procured from Alcatel and Ericsson or other network, office and telecommunications equipment. If a default, including a cross-default, occurs under our agreements with Alcatel, Ericsson, Nordea and Bayerische, and/or Sberbank, the relevant lender could obtain control over this equipment and, consequently, our business could be adversely affected.

We are subject to anti-monopoly regulation, which could restrict our business.

We are subject to oversight and regulation by Russia's Anti-Monopoly Ministry. The Anti-Monopoly Ministry is authorized to regulate Russian companies deemed to be a dominant force in, or a monopolist of, a market and also regulates advertising. Regulatory measures may include the imposition of tariffs or restrictions on acquisitions or on other activities, such as contractual obligations. Because Russian law does not clearly define "market" in terms of either services provided or geographic area of activity, it is difficult to determine under what circumstances we could be subject to these or similar measures. We cannot exclude the possibility, however, that our current subscriber market share in the Moscow license area or certain regions could trigger close scrutiny by the Anti-Monopoly Ministry of the pricing and other terms of our services. We could be subject to anti-monopoly regulation in the future, which could adversely affect our business.

The concepts of "affiliated persons" and "group of persons" that are fundamental to the Russian antimonopoly law and to the law on joint stock companies are not clearly defined and are subject to many different interpretations. Consequently, the Russian Anti-Monopoly Ministry or other competent authorities may challenge the positions we or certain of our officers, directors or shareholders have taken in this respect despite our best efforts at compliance. Any successful challenge by the Russian Anti-Monopoly Ministry or other competent authorities may expose us or certain of our officers, directors or shareholders to fines or penalties and may result in the invalidation of certain agreements or arrangements. This may adversely affect the manner in which we manage and operate certain aspects of our business.

Our business could be adversely affected if our handset and network equipment supply arrangements are terminated or interrupted.

The successful build-out and operation of our networks depend heavily on obtaining adequate supplies of switching equipment, base stations, other network equipment and telephone handsets on a timely basis. We currently purchase our GSM network equipment from a small number of suppliers, principally Alcatel and Ericsson, although some of the equipment we use is available from other suppliers, including Nokia. From time to time, we have experienced delays receiving equipment in the regions. Our business could be adversely affected if we are unable to obtain adequate supplies or equipment from Alcatel, Ericsson, Nokia or another supplier in a timely manner and on reasonable terms.

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

Our business depends on providing subscribers with reliability, capacity and security. As mobile phones increase in technological capacity, they may become increasingly subject to computer viruses and other disruptions. These viruses can replicate and distribute themselves throughout a network system. This slows the network through the unusually high volume of messages sent across the network and affects data stored in individual handsets. Although, to date, most computer viruses have targeted computer networks, mobile phone networks are also at risk. We cannot be sure that our network system will not be the target of a virus or, if it is, that we will be able to maintain the integrity of the data in individual handsets of our subscribers or that a virus will not overload our network, causing significant harm to our operations. In addition to computer viruses, the services we provide may be subject to disruptions resulting from numerous factors, including:

- human error;
- physical or electronic security breaches;
- power loss;
- hardware and software defects;
- capacity limitations;
- fire, earthquake, flood and other natural disasters; and
- sabotage, acts of terrorism and vandalism.

Problems with our switches, controllers, fiber optic network or at one or more of our base stations, whether or not within our control, could result in service interruptions or significant damage to our networks. Although we have back-up capacity for our network management operations and maintenance systems, automatic transfer to our back-up capacity is not seamless, and may cause network service interruptions. In the first half of 2001, we experienced a number of network service interruptions, primarily due to software-related problems. These interruptions affected a minority of our subscribers and lasted an average of less than one hour. In the second half of 2001, we experienced a three hour network interruption that affected approximately 50% of our subscribers in the Moscow license area, primarily due to software-related problems. In 2002, we suffered several technical service interruptions, including a network service interruption in March 2002 in the course of implementing our new billing system. This service interruption affected approximately 49,000 of our most loyal contract subscribers and, for some of these subscribers, lasted for up to three days. According to media reports, such service interruptions may occur from time to time during installations of new software. MTS, our primary competitor in Moscow, has also experienced service interruptions of similar duration. Any further interruption of services could harm our business reputation and reduce the confidence of our subscribers and consequently impair our ability to obtain and retain subscribers and could lead to a violation of the terms of our licenses, each of which could adversely affect our business. We do not carry business interruption insurance to prevent against network disruptions.

Allegations of health risks related to the use of wireless telephones could have an adverse effect on us.

There have been allegations that the use of certain portable wireless telecommunications devices may cause serious health risks. The Cellular Telecommunications Industry Association in the United States has researched these potential health risks and publicly announced its belief that no risk exists. Nonetheless, the actual or perceived health risks of wireless telecommunications devices could diminish subscriber growth, reduce network usage per subscriber, spark product liability lawsuits or limit available financing. Each of these possibilities has the potential to cause adverse consequences for us and for the entire wireless telecommunications industry.

Because no standard definition of a subscriber exists in the mobile telecommunications industry, comparisons between subscriber data of different companies may be difficult to draw.

The methodology for calculation of subscriber numbers varies substantially in the mobile telecommunications industry, resulting in variances in reported subscriber numbers from that which would result from the use of a single methodology. Therefore, it may be difficult to draw comparisons of subscriber numbers and churn between different mobile cellular communications companies.

Risks Related to Our Common Stock and ADSs

Voting rights with respect to the shares of common stock represented by ADSs are limited by the terms of the depositary agreement for the ADSs, our charter and Russian law.

Voting rights with respect to the shares of common stock represented by ADSs may only be exercised in accordance with the provisions of the depositary agreement for the ADSs, our charter and Russian law. However, there are practical limitations with respect to the ability to exercise voting rights due to the additional procedural steps involved in communicating with shareholders. For example, our charter requires us to notify shareholders at least 30 days in advance of any general meeting. Our shareholders will receive notice directly from our company and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy.

By contrast, ADS holders will not receive notice directly from us. Rather, in accordance with the depositary agreement, we will provide the notice to the depositary. In turn, the depositary has undertaken, as soon as practicable thereafter, to mail to ADS holders the notice of such meeting, voting instruction forms and a statement as to the manner in which instructions may be given by ADS holders. To exercise its voting rights, an ADS holder must then instruct the depositary how to vote the shares underlying the ADSs. Because of this extra procedural step involving the depositary, the process for exercising voting rights may take longer for an ADS holder than for holders of shares of common stock. ADSs for which the depositary does not receive timely voting instructions will not be voted at any meeting. If this occurs, an ADS holder generally will not be able to exercise voting rights attaching to the ADSs or the shares of common stock that underlie the ADSs.

Additionally, draft Russian regulations are currently under review that would restrict the total number of shares of outstanding stock allowed to circulate outside of Russia through an ADS program. If these regulations are enacted, then we may be required to reduce the size of our ADS program or to amend the depositary agreement for the ADSs.

Telenor and Alfa Group each own a significant portion of our equity that allows each of them to block shareholder decisions requiring a supermajority vote.

Two of our shareholders, Telenor and Alfa Group, own enough voting stock to block shareholder decisions that require at least a 75% majority vote. Telenor recently reported that it owned 25% plus 13 shares of our voting capital stock and Alfa Group recently reported that it owned 25% plus two shares of our voting capital stock. There is a risk that either of them could use its ability to block certain shareholder decisions in a manner that may not be in our interest or in the interest of our minority shareholders.

The price of our ADSs may be volatile.

The price of our ADSs has been extremely volatile and may continue to be volatile. Although our ADSs are currently listed on The New York Stock Exchange, or NYSE, it is possible that an active public market for the ADSs will not be sustained. Furthermore, the price at which the ADSs trade could be subject to significant fluctuations caused by a wide variety of factors, including:

- tariff reductions by us or our competitors;
- variations in our operating results or financial condition;
- the addition or loss of subscribers;
- announcements of new products or services by us or our competitors;

- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- regulatory actions that are harmful to our business;
- changes in financial estimates or recommendations by securities analysts;
- economic conditions in Russia;
- additions or departures of our key personnel;
- future equity or debt offerings or our announcements of equity or debt offerings;
- future sales of substantial amounts of the ADSs on the open market or the perception that such sales may occur;
- general conditions or trends in the wireless telecommunications industry;
- emergence of new competing technologies;
- investors' perception of risks associated with emerging markets; and
- other events or factors, many of which are beyond our control.

In addition, the public markets for stock of companies providing wireless telecommunications, technology and Internet services and products have experienced extreme price and volume fluctuations. These fluctuations have often been unrelated or disproportionate to the operating performance of such companies. These market and industry factors may materially and adversely affect the price of the ADSs, regardless of our operating performance. In the past, securities class action litigation has been instituted against companies following periods of volatility in the market price of their securities. This type of litigation initiated against us could result in substantial costs and a diversion of management's attention and resources.

You may not be able to benefit from the United States-Russia double tax treaty.

The Russian tax rules applicable to U.S. holders of the ADSs are characterized by significant uncertainties and by an absence of interpretive guidance. Russian tax authorities have not provided any guidance regarding the treatment of ADS arrangements, and there can be no certainty as to how the Russian tax authorities will ultimately treat those arrangements. In particular, it is unclear whether Russian tax authorities will treat U.S. holders as the beneficial owners of the underlying shares for the purposes of the United States-Russia double tax treaty. If the Russian tax authorities were not to treat U.S. holders as the beneficial owners of the underlying shares, then the U.S. holders would not be able to benefit from the provisions of the United States-Russia double tax treaty and would consequently face additional tax liability.

We have not paid dividends on our common stock and ADSs and do not anticipate doing so until we are cash flow positive, which may make us less attractive to investors.

To date, we have not paid dividends on our shares of common stock and do not expect to pay dividends until we are cash flow positive. Our decision not to pay dividends in the future could adversely affect the value of our common stock or ADSs. Additionally, our ability to pay dividends is limited by the terms of certain of our indebtedness, as well as by Russian law, in several ways. For example, we are permitted to pay dividends only out of our net profits for the current year as calculated according to Russian accounting standards. Because we may not pay dividends, your return on an investment in the ADSs will likely depend on your ability to sell the ADSs for a profit.

Risks Related to the Convertible Notes

VimpelCom B.V., the issuer of the convertible notes, does not have sufficient net assets to pay any amounts due under the convertible notes.

Neither VimpelCom B.V., the issuer of the convertible notes, nor VimpelCom Finance B.V., which owns 100% of VimpelCom B.V.'s issued share capital, has sufficient net assets to meet the obligations of VimpelCom B.V. to pay interest for the full term of the convertible notes or to redeem or repurchase the convertible notes. Therefore, VimpelCom B.V. would, in the absence of other funding sources, have to rely on us to provide funding to meet these obligations. Under current Russian law, we would have to apply to the Central Bank of Russia for an amendment to an existing license in order to legally contribute capital to VimpelCom B.V. in U.S. dollars via our wholly-owned subsidiary VimpelCom Finance B.V. We have not applied to the Central Bank of Russia for this license amendment and we cannot be sure that it will be granted if we were to apply. Without this amendment, we may be required to make payments under our guarantee of the convertible notes, which would result in significant tax inefficiency and expenses well in excess of the amount otherwise due to the holders of our convertible notes.

Any payments required under our guarantee of the convertible notes may be subject to Russian withholding and value added taxes.

Any payment under our guarantee of the convertible notes may be subject to withholding tax in Russia. Further, any payment under the guarantee may also be subject to Russian value added tax. If any payment required under the guarantee is subject to withholding or value added tax, then we will be obliged to increase the amount payable under the guarantee by the amount of withholding or value added tax. As a result, we would incur expenses well in excess of the amount due to the convertible note holders. We cannot be certain that we would have sufficient funds to make any payment required under the guarantee or to pay the additional amounts associated with the withholding or value added taxes. Further, we can give no assurance that our obligation to pay the additional amounts associated with the withholding or value added taxes is enforceable under Russian law.

Our obligation to offer to repurchase the convertible notes and to repay our loan from J.P. Morgan upon a change of control may discourage a takeover.

Under the terms of the indenture governing the convertible notes, we are required to make an offer to repurchase the convertible notes in the event of a change of control of our company. In addition, under the terms of the loan agreement with J.P. Morgan, and the trust deed governing the Loan Participation Notes, in the event of a change of control of our company, J.P. Morgan will offer to repurchase all of the outstanding Loan Participation Notes and we will be required to repay the loan from J.P. Morgan to the extent of, and in an amount equal to, the amount that J.P. Morgan will have to pay holders of the Loan Participation Notes who have accepted J.P. Morgan's offer. The requirements to repurchase our convertible notes or to repay the loan from J.P. Morgan may make an acquisition or takeover of our company more difficult or discourage such an acquisition or takeover and, thus, the removal of the incumbent board of directors. The obligation to make a change of control offer resulted from negotiations between us and J.P. Morgan and the underwriters for the convertible notes and is not the result of any intention on our part or on the part of our management to discourage any such acquisition or takeover.

Holders of our convertible notes may not be adequately protected against corporate restructurings or highly leveraged transactions.

The terms of the indenture governing the convertible notes do not contain provisions that would afford holders of our convertible notes protection in the event of a decline in our credit quality resulting from highly leveraged or other similar transactions in which we may engage. We are also not limited in the amount of other indebtedness or other liabilities that we may incur or securities that we may issue.

Except for the repurchase obligation in the event of a change of control, holders of our convertible notes do not have the right to require us to repurchase or redeem the convertible notes in the event of a takeover, recapitalization, similar restructuring or any other highly leveraged transaction. The change of control provision may not necessarily afford holders of our convertible notes protection in the event of a highly leveraged transaction, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect holders of our convertible notes, because such transactions may not involve a shift in voting power or beneficial ownership of the magnitude required under the definition of a change of control or may include an actual shift in voting power or beneficial ownership to persons excluded from the definition of change of control.

VimpelCom B.V. may not be in a position to obtain a sufficient number of ADSs to deliver upon conversion in the event of certain adjustments to the conversion price.

VimpelCom B.V. currently has access to a sufficient number of ADSs to deliver upon conversion of the convertible notes as of the date of issue. The conversion price, however, is subject to adjustment upon the occurrence of certain events. While the ADSs available for delivery upon conversion of the convertible notes will automatically be adjusted when certain of these events occur, other events may require VimpelCom B.V. to acquire or otherwise procure additional ADSs for delivery upon conversion of the convertible notes. We currently have no mechanism in place to provide VimpelCom B.V. with the funds it may need to acquire such additional ADSs (or other securities). Moreover, under Russian law, we would have to obtain shareholder approval prior to issuing additional shares to satisfy VimpelCom B.V.'s conversion obligations.

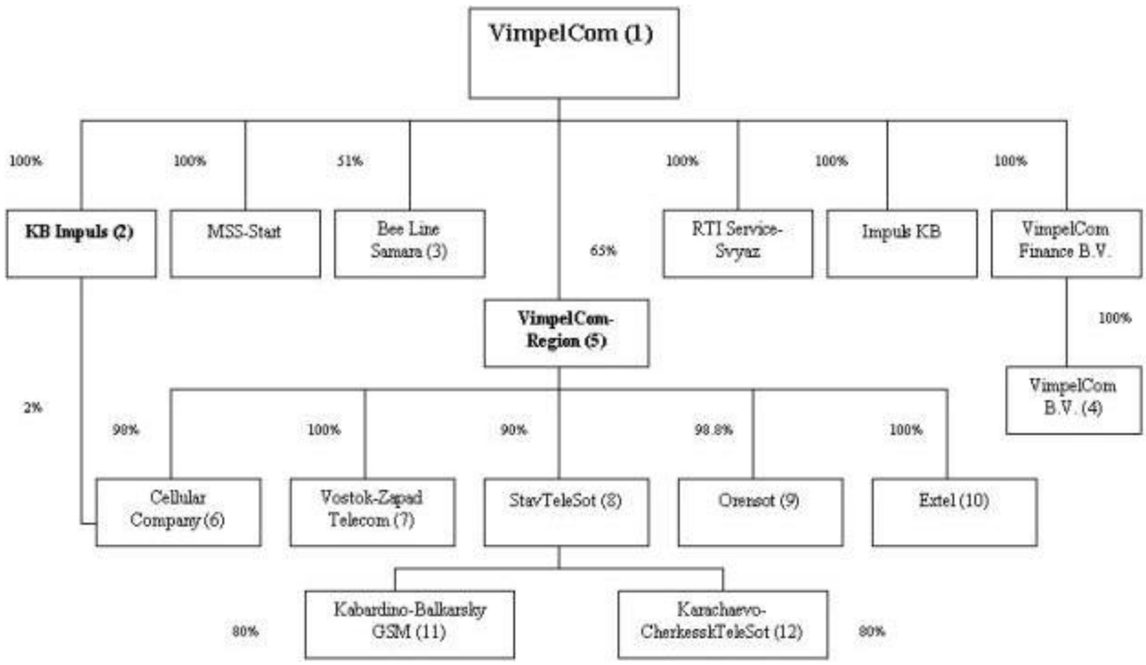
The convertible notes may only be transferred in accordance with the procedures of the depository with whom the convertible notes are deposited.

Except in limited circumstances, the convertible notes have been issued only in book-entry form through the facilities of the Depository Trust Company, or DTC. Ownership of beneficial interests in the convertible notes are shown on, and the transfer of that ownership are effected only through, records maintained by DTC or its nominee and the records of DTC's participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer beneficial interest in the convertible notes. Because DTC can only act on behalf of its participants, which in turn act on behalf of owners of beneficial interests held through such participants and certain banks, the ability of a person having a beneficial interest in a convertible note to pledge or transfer such interest to persons or entities that do not participate in the DTC system may be impaired.

ITEM 4. Information on the Company

Overview

The following chart sets forth our company and some of our principal subsidiaries, including our subsidiaries that hold our principal GSM and AMPS/D-AMPS licenses.



(1) Holds AMPS/D-AMPS licenses for the Moscow, Tver, Ryazan, Vladimir, Kaluga and Vologda license areas.

(2) Holds a GSM license for the Moscow license area.

(3) Holds a GSM-1800 license and an AMPS/D-AMPS license for the Samara license area, which is located in the Volga region.

(4) Issuer of the convertible notes.

(5) Holds GSM licenses for the Central and Central Black Earth, North Caucasus, Northwest, Siberian and Volga license areas.

(6) Holds an AMPS/D-AMPS license for the Novosibirsk license area.

(7) Holds a GSM license for the Ural region.

(8) Holds a GSM license for the Stavropol region, which is part of the North Caucasus region.

(9) Holds a GSM license and an AMPS/D-AMPS license for the Orenburg region, which is part of the Ural region.

(10) Holds a GSM license for the Kaliningrad region, which is part of the Northwest region.

(11) Holds a GSM license for the Kabardino-Balkarskoy Republic, which is located in the North Caucasus region.

(12) Holds a GSM license for the Karachaevo-Cherkessk Republic, which is located in the North Caucasus region.

We are a leading provider of wireless telecommunications services in Russia, operating under the “Bee Line” brand name. Bee Line is one of the most recognized brand names in Russia. Based on independent estimates of the number of subscribers of our competitors in the Moscow license area, we estimate that our market share in the Moscow license area was 49.5% as of March 31, 2003, compared to 51.5% as of March 31, 2002. In addition, we are now accelerating the development of our national GSM footprint by expanding our GSM service areas to regions outside of Moscow. As of March 31, 2003, we had approximately 2.24 million subscribers on our networks in the regions outside of the Moscow license area as compared with approximately 284,500 as of March 31, 2002.

Our GSM licenses permit us to operate wireless networks in areas populated by approximately 134 million people, or approximately 92% of the Russian population as of December 31, 2002. We hold GSM licenses for the Moscow license area and six large geographical areas. In addition to the six large regional GSM licenses, we hold GSM licenses for six smaller regions, all of which are within our larger regional license areas. We hold 11 licenses to operate AMPS/D-AMPS networks. We are principally a GSM operator and our AMPS/D-AMPS subscribers are continuing to migrate to our GSM networks.

On June 5, 2003, we entered into a series of agreements with ZAO "InvestElectroSvyaz" (which operates under the "Corbina-Telecom" brand name in Russia) in order to utilize the excess capacity on our D-AMPS network in the Moscow license area. We will continue to operate and maintain our Moscow D-AMPS network, servicing our existing Moscow D-AMPS subscribers and attracting new subscribers to our network. For further information about this transaction, please see "– Licenses – AMPS/D-AMPS".

As of December 31, 2002, we had approximately 5.15 million subscribers on all of our wireless networks, of which approximately 3.71 million, or 72%, were in the Moscow license area and approximately 1.44 million, or 28%, were in the regions outside of the Moscow license area. GSM subscribers constituted approximately 95.4% of our subscriber base in the Moscow license area and approximately 93.7% of our overall subscriber base as of December 31, 2002. Primarily as a result of our innovative sales and marketing efforts, we increased our subscriber base in the Moscow license area by 145% in 2001 and 94% in 2002. During the same periods, we increased our subscriber base in the regions outside of the Moscow license area by 274% and 619%, respectively. As of May 29, 2003, we had approximately 6.92 million subscribers on all of our wireless networks, with approximately 4.22 million, or 61%, in the Moscow license area and approximately 2.70 million, or 39%, in the regions outside of the Moscow license area.

In 1998, we were the first major wireless services provider in Russia to offer prepaid wireless plans to our subscribers. In 1999, we became the first wireless services provider in the Moscow license area to actively market our services to the mass market, and we invested heavily in the acquisition of these subscribers. Following the success of our mass market growth strategy, we commenced marketing our improved GSM products and services to large corporations, small and medium-sized businesses and high income individuals, and our market share has grown in these segments. In all segments of our business, we benefit significantly from the strengths and expertise of our two strategic partners, Telenor and Alfa Group.

As the number of our subscribers in the Moscow license area currently constitute the substantial majority of our overall subscriber base, the description of our business set forth below focuses on the Moscow license area unless otherwise specifically indicated.

Our objects and purposes, as set forth in Article 4 of our charter, include the provision of wireless telecommunications services.

Strategic Relationships

Telenor

Telenor, Norway's leading telecommunications company, became our strategic partner in December 1998. Telenor owns 25% plus 13 shares of our voting capital stock. Telenor also owns approximately 17.5% of the voting capital stock of our subsidiary, VimpelCom-Region, which we formed to concentrate on the development of our regional GSM license portfolio. Telenor brings to our alliance valuable experience in developing and implementing wireless voice and data services and sophisticated marketing techniques. This experience has been transferred to us in a number of ways, including:

- *Personnel*. Telenor has committed a number of key people to our business at both the operational and management levels, including Jo Lunder, our CEO and General Director. Mr. Lunder previously served as First Deputy Chief Executive Officer, President and Chief Operating Officer of our company and the Chief Operating Officer of Telenor Mobile. Mr. Lunder is under contract with our company until the end of June 2003. We have begun the search process for a new CEO and General Director and, as the search process continues, Mr. Lunder has agreed to continue to serve as our company's CEO and General Director for a period to be mutually agreed upon between our company and Mr. Lunder. Thereafter, Mr. Lunder is expected to continue as a director of our company, serving as Chairman of the Board of Directors;
- *Product and technology development*. As we implement our wireless data and Internet strategy, we have and will continue to draw on Telenor's expertise in product development and implementation, including wireless application protocol, or WAP, global packet radio services, or GPRS, multimedia messaging, or MMS, and other new products and technologies; and

- *Development of the mass market*. Telenor helped to develop Norway into one of the world's most penetrated wireless telecommunications markets and provides valuable expertise to us as we develop the mass market subscriber segment in Russia.

Telenor is one of the leading foreign investors in the Russian telecommunications industry. We recently acquired from Telenor its interests in Closed Joint Stock Company "Extel" and Open Joint Stock Company "StavTeleSot", two regional operators in Russia, as part of our regional expansion program. In addition to its strategic relationship with us, Telenor indirectly owns 100% of Combellga, one of the leading alternative telecommunications carriers in the Moscow market. The benefits of Telenor's partnership with Combellga are already evident in our development of an innovative corporate service package that uses a single number for wireless and fixed-line telephones.

In October 2002, Storm LLC, of which Alfa Group owns 50.1%, acquired from Telenor 7.7% of the issued and outstanding shares of Kyivstar GSM, Ukraine's largest mobile telecommunications service provider in terms of number of subscribers. Upon completion of the transaction, Telenor and Storm owned 54.2% and 40.1%, respectively, of Kyivstar. As of December 31, 2002, Kyivstar was reported to have approximately 1.85 million subscribers, or a 49% share of the Ukrainian market.

Alfa Group

On November 5, 2001, Alfa Group, through Eco Telecom Limited, part of the Alfa Group of companies, completed the purchase of 5,150,000 newly-issued shares of our common stock for US$103 million. Pursuant to the terms of the transaction agreements, which were signed on May 30, 2001, we contributed this US$103 million (together with an additional US$15.64 million of our own funds, at the exchange rate as of the date of contribution) as equity to VimpelCom-Region, representing the first of three tranches of equity investments in which VimpelCom-Region will raise up to US$337 million. On November 12, 2002, the second tranche of equity investments in VimpelCom-Region was completed when Alfa Group, Telenor and our company each purchased 1,462 newly-issued shares of common stock for a consideration of US$58.48 million each. Alfa Group currently owns 25% plus two shares of our voting capital stock and approximately 17.5% of the voting capital stock of VimpelCom-Region. The third and final tranche of equity investments is scheduled to be completed in November 2003 (subject to extension in certain cases), pursuant to which Alfa Group is to invest an additional US$58.52 million as equity in VimpelCom-Region. Following the third tranche of Alfa Group's equity investment in VimpelCom-Region, Alfa Group will own 29.8% of the voting capital stock of VimpelCom-Region and we and Telenor will own 55.3% and 14.9%, respectively.

Alfa Group's extensive operations throughout the regions of Russia, combined with its position as one of Russia's largest financial industrial groups, make it an ideal partner for us in connection with our transformation into a nationwide wireless operator. Alfa Group was formed in Russia in July 1988 and is involved in the Russian banking, insurance, asset management, oil and gas, commodities trading, retailing and real estate sectors. In particular, through Alfa Bank, one of the largest banks in Russia, Alfa Group is active in the regions of Russia outside of Moscow. We believe that the combination of Telenor's expertise in wireless telecommunications and Alfa Group's extensive knowledge of the regions, together with their capital investments, is a basis for a unique and complementary strategic partnership and a strong platform on which we can continue to build one of Russia's leading nationwide wireless operators.

Golden Telecom, a Russian fixed line telecommunications and Internet service provider, recently reported that Alfa Group beneficially owns approximately 40% of Golden Telecom's common stock. It was recently reported that Telenor was negotiating with Golden Telecom to acquire a strategic interest in Golden Telecom. Golden Telecom LLC, a small Ukrainian mobile telecommunications service provider, is a subsidiary of Golden Telecom. In connection with any future expansion outside of Russia, we believe that we can benefit from Telenor's and Alfa Group's activities in other countries of the CIS.

Competitive Strengths

We believe that we are well positioned to capitalize on opportunities in the Russian wireless telecommunications market. We seek to differentiate ourselves from our competitors by certain of our competitive advantages, including:

- *Recognized brand name*. We market our services under our "Bee Line" brand name, namely our "Bee Line GSM" brand name. Primarily as a result of our innovative marketing and licensing efforts, our "Bee Line" brand name is among the most recognized brand names in Russia. We strongly believe that the "Bee Line" brand provides us with an excellent platform from which we can launch new wireless telecommunications services and ventures in Russia. As part of our commitment to expanding our operations outside the Moscow license area, we have licensed our registered trademarks to VimpelCom-Region to use within the areas of the Russian Federation outside the Moscow license area.
- *Product and service innovation*. We offer wireless service packages designed to address the specific needs of major target market segments. For instance, our contract service packages offer features targeted at large corporate and higher use subscribers, including small and medium-size business subscribers, while our "Bee+" prepaid service packages offer features targeted at the mass market subscriber segment. We offer both contract and prepaid service packages under the "Bee Line GSM" brand.
- *Specialized customer care.* We differentiate our customer service based on our primary subscriber segments. We believe that our ability to provide specialized customer service has helped maintain a high level of subscriber satisfaction with our products and services and has helped us control churn.
- *Broad distribution network*. We have developed the largest distribution network for wireless services in the Moscow license area with 77 independent dealers and 3,461 points of sale. As of December 31, 2002, our prepaid scratch cards, which are prepaid phone cards sold at a discount to face value, could be purchased at approximately 6,000 locations. Our retail distribution channel for prepaid scratch cards includes large chains of electronic stores and other consumer retail stores and at selected branch offices of banks, including Sberbank. In addition, as of December 31, 2002, we had three sales offices in the Moscow license area. In the first quarter of 2001, we acquired the "Mobile Center" dealer network, one of the largest retail dealer networks in Moscow, for approximately US$3.2 million. This acquisition added 12 additional offices to our distribution network. As of December 31, 2002, we had 28 "Mobile Center" sales offices in the Moscow license area. We also employ a direct sales force that focuses its efforts on sales to corporate and higher use subscribers, including small and medium-size business subscribers. In the regions outside of the Moscow license area, we have approximately 1,000 independent dealers and more than 4,000 points of sale.
- *High-quality wireless network*. We build our wireless networks with advanced technology from the world's leading wireless telecommunications equipment suppliers, such as Alcatel, Ericsson and Nokia, in an effort to provide a dependable network capable of offering enhanced value added services and features. In addition, our GSM network provides us with an ideal platform from which we have the capacity to provide value added services such as greater call privacy, caller-ID, call forwarding, call waiting, short messaging service, or SMS, and more complex data transmission features, including facsimile, electronic mail, wireless Internet and data network access.

Strategy

We believe that the high quality of our GSM network coverage, our experience with the mass market subscriber segment in the Moscow license area and the expertise of our strategic partners, Telenor and Alfa Group, ensure that we are well positioned to become a premier national wireless telecommunications services provider. Our strategy focuses on:

- *National Expansion.* We are developing our regional GSM license areas through our subsidiary, VimpelCom-Region. Since the first closing of the strategic investment by Alfa Group in our company in November 2001, we have been pursuing a more aggressive national growth strategy.

- *Opportunity for growth.* The low wireless penetration rate in Russia, together with the poor service and fragmented nature of the wireless market in the regions, provide us with an opportunity to become a national provider of wireless telecommunications services in the regions. In addition, wireless telephony often acts as a substitute for fixed line services in the regions. The regions generally have lower per capita wealth and disposable income than in the Moscow license area, and we intend to focus our regional expansion, marketing and distribution efforts on areas with high population density, based on factors such as commercial practicability, strategic importance, market potential, regulatory requirements and competition. In 2002, the regions outside of Moscow have witnessed significant growth in terms of numbers of new subscribers. In 2003, independent sources expect the number of subscribers in the regions outside of the Moscow license area to nearly double from approximately 10.8 million at the end of 2002 to approximately 19.1 million at the end of 2003. With the Moscow license area beginning to mature, penetration rates in the Moscow license area approaching 45% at the end of 2002 and improved economic conditions in Russia, the expansion of our GSM network into the regions is now an essential component of our strategy to evolve into a premier national wireless telecommunications operator.
- *Continued expansion in the regions.* We have expanded in the regions through internal growth, augmented by selective acquisitions of existing operators, and we intend to continue to expand in the regions in this manner. We have added approximately 800,000 new subscribers in the first quarter of 2003, including approximately 193,000 new subscribers as a result of VimpelCom-Region's acquisition of StavTeleSot in the Stavropol region in January 2003. In connection with our regional expansion efforts, we launched commercial operations in St. Petersburg on April 15, 2003 and we intend to continue the rollout of our regional networks in 2003, including in the cities of Ekaterinburg, Chelyabinsk and Tyumen. In addition, we intend to obtain a GSM license in the Far East, the last remaining region in Russia for which we do not have a wireless license.
- *Unified national business model.* After combining the management of VimpelCom and VimpelCom-Region last year, we have designed and implemented a unified national business model designed to use our considerable knowledge, experience and expertise attained while becoming a leading wireless telecommunications service provider in Moscow to develop our business in the regions. This national business model is enabling us to develop uniform procedures for rolling out our network in the regions and to increase standardization and achieve greater economies of scale in the areas of sales and marketing, customer service, information technology, billing and human resources. This model is also enabling us to develop a single recognized national brand and offer our existing and potential subscribers the same tariff structures and product lines in all of the regions where we operate.

- *Maintaining our position as a leading provider of GSM wireless telecommunications services in the Moscow license area.* The Moscow license area is the anchor of our nationwide growth strategy. As of May 29, 2003, we had approximately 4.07 million GSM subscribers in the Moscow license area, which constituted approximately 96.6% of our subscriber base in the Moscow license area. The Moscow license area is beginning to mature, with penetration rates exceeding 50% as of the end of May 2003, which has resulted in increased competition. As a result of this increased competition, we are focusing on three higher-margin primary subscriber market segments:
  - *Large corporate*. We will continue our efforts to increase our market share of large corporate users by designing programs to attract these higher revenue-generating subscribers. These efforts include establishing specialized corporate plans and roaming arrangements, enhancing our specialized customer service, increasing our direct sales forces, launching new dedicated corporate sales offices and providing subscribers with access to the newest handsets, accessories and value added services. We also intend to develop new programs offering standardized nationwide services that we can tailor to meet specific corporate needs and market them to corporations that operate both in Moscow and in the regions where we operate.
  - *Small and medium-size businesses and high-income individuals*. We believe that the key to the successful penetration of this segment of the market will be the continuous improvement of service quality and product offerings. We are upgrading our information technology support systems as well as continuously improving our customer service. Further, we intend to continue to employ tailored marketing promotions to attract these higher use subscribers and to continue using targeted subscriber retention programs. To attract individual subscribers, we offer a credit contract system with various contract plans, free incoming calls from mobile phones and dedicated customer service.

- *Mass market*. We will continue to penetrate the Moscow mass market subscriber segment through prepaid card services, innovative tariff plans and service features intended to address the specific needs of these subscribers. We have developed the largest distribution network for wireless services in the Moscow license area with 77 independent dealers and 3,461 points of sale. As of December 31, 2002, our prepaid scratch cards could be purchased at approximately 6,000 locations.

- *Increasing revenues from non-voice wireless services*. We intend to increase usage among our existing subscribers and attract new subscribers by offering value added services and allowing our subscribers to access a wide range of services through our networks. The value added services that we offer will become an increasingly important part of our strategy as the Moscow market matures and competition intensifies. We currently provide traditional value added services such as voice mail, call forwarding, call waiting, conference calling, call blocking, caller-ID, automatic dialing and voice dialing. We also provide and are focusing on a variety of messaging services, such as outgoing SMS, e-mail, content delivery, games and other "infotainment" services. Messaging and "infotainment" services are currently available through our Internet portal, BeeOnline, and through our Beeinfo mobile information guide. In addition, our Beepay payment system offers many convenient ways to pay for our services and Beebonus enables customers to accumulate points by purchasing products from certain third parties that may be used to pay for our services. Capitalizing on new technology-enabled opportunities, we also provide WAP technology services and GPRS. In 2002, we launched GPRS roaming with 19 operators in 19 countries, including Great Britain, Italy and Germany. To date, we have launched GPRS roaming in four regions of Russia and intend to launch GPRS roaming in the remaining regions of Russia during the third quarter of 2003. In April 2003, we launched GPRS roaming in the United States. The use of non-voice services is still low in the Russian market compared to countries with higher wireless penetration rates, and we are seeking to increase our revenue growth from value added services in the future. We are also actively using Internet technology to support business processes and are using this technology to increase subscriber loyalty and satisfaction.

- *Incorporate new technologies into our operations.* As part of our overall business strategy, we intend to evaluate emerging, state-of-the-art technologies that we may be able to introduce to complement our existing operations. For example, although the Ministry of Communications has yet to issue licenses for third generation wireless standards, we have constructed a pilot 3G network. In addition, in cooperation with Cisco Systems, we are exploring the possibility of offering our subscribers wireless local area networks, or WLANs, which wirelessly connect users to the Internet or local area networks. Initially we intend to explore the possibility of introducing WLANs in airports, hotels and business centers, which would permit individuals to connect wirelessly to the Internet via a WLAN network or our network using GPRS.

- *Expansion in the Commonwealth of Independent States.* To date, our strategic focus has been the rollout of our network in the Moscow license area and then the regions in Russia outside of the Moscow license area. We intend to explore our opportunities for expansion in other countries in the CIS, taking into consideration the economic and political environment, the size of the territory and population as well as the competitive situation.

Licenses

GSM

We hold GSM licenses for the Moscow license area and six large geographical areas: the Central and Central Black Earth license area, the North Caucasus license area, the Northwest license area (which includes the City of St. Petersburg), the Siberian license area, the Ural license area and the Volga license area. In total, these GSM licenses cover approximately 92% of Russia's population. Our regional GSM licenses for the Central and Central Black Earth, North Caucasus, Siberian and Volga regions were reissued on April 7, 2000 to our subsidiary, VimpelCom-Region, through which we provide wireless services in the regions outside of the Moscow license area. These GSM licenses permit us to operate a unified dual band GSM-900/1800 network. The material terms of the licenses did not change and the start-of-service requirements under the reissued licenses were deemed to have been satisfied by our existing service. VimpelCom-Region also holds our GSM license for the Northwest region. We received a GSM-1800 license for the Northwest region in September 2002 and in March 2003, the Ministry of Communications amended our initial GSM license for the Northwest region to permit us to operate a dual band GSM-900/1800 network in St. Petersburg and the surrounding Leningrad region. We have applied for a permit to operate a dual-band GSM-900/1800 network for the rest of the Northwest region. VimpelCom-Region also holds our GSM license for the Ural region through its wholly-owned subsidiary, Vostok-Zapad Telecom, which it acquired in December 2002. Vostok-Zapad Telecom's GSM license provides for the operation of a GSM-1800 network in the entire Ural region and a dual band GSM-900 /1800 network in six out of 12 territories within the region. In addition to the six large regional GSM licenses, we hold GSM licenses for the following six territories, all of which are within our larger regional license areas: Kaliningrad, within the Northwest region; Samara, within the Volga region; Orenburg, within the Ural region; and Stavropol, the Kabardino-Balkarskoy Republic and the Karachaevo-Cherkessk Republic, all within the North Caucasus region. These territorial GSM licenses are held through subsidiaries that VimpelCom-Region acquired in 2002 and 2003. VimpelCom-Region launched 26 networks in 2002 and two networks in the five months ended May 31, 2003, including a network in St. Petersburg. In addition, our January 2003 acquisition of StavTeleSot expanded our operations to two additional regions.

In January 2001, the Ministry of Communications amended our GSM licenses for the Moscow license area and the Central and Central Black Earth, North Caucasus, Siberian and Volga regions, our D-AMPS license and our licenses for the provision of telematic services and the lease of channels to require that we pay fees, which are calculated as a portion of our revenues for services provided in each region, and transfer this amount to the Ministry of Communications on a monthly basis. In accordance with the terms of our licenses, since April 2001, we have been transferring 0.3% of our revenues earned under these licenses (calculated in rubles and in accordance with applicable Russian tax laws) to the Ministry of Communications. In addition, the licenses that we obtained in 2002 covering the Northwest and Ural regions and our six other GSM licenses are subject to these fees. In 2002, we transferred the ruble equivalent of approximately US$1.2 million to the Ministry of Communications.

The following tables summarize the principal terms of our regional and territorial GSM licenses, including the license areas, issue dates, start-of-service requirements, expiration dates, line capacity requirements and territorial coverage requirements.

Principal Terms and Conditions of our Regional GSM Licenses

				Certain Requirements		
License Area	**Issue Date**	**Start-of-Service Requirement**	**Expiration Date**	**Compliance Date**	**Line Capacity No Less Than**	**Territorial Coverage**
Moscow	Apr. 28, 1998	Dec. 31, 1998	Apr. 28, 2008	Dec. 31, 2001	100,000	Moscow license area
Central and Central Black Earth	Apr. 7, 2000	July 7, 2000	Apr. 28, 2008	Dec. 31, 2001	20,000	17 cities (1)
North Caucasus	Apr. 7, 2000	July 7, 2000 (2)	Apr. 28, 2008	Dec. 31, 2001	50,000	10 cities (2)
Northwest	Sep. 12, 2002	Mar. 12, 2004	Sep. 12, 2012	Dec. 31, 2004	10,000	20% of population
				Dec. 31, 2006	50,000	40% of population
				Dec. 31, 2011	200,000	80% of population
Siberian	Apr. 7, 2000	July 7, 2000	Apr. 28, 2008	Dec. 31, 2001	48,000	12 cities (3)
Ural (4)	Nov. 14, 2002	May 14, 2004	Nov. 14, 2012	Dec. 31, 2005	50,000	30% of population
				Dec. 31, 2012	200,000	70% of population
Volga	Apr. 7, 2000	July 7, 2000	Apr. 28, 2008	Dec. 31, 2001	14,000	14 cities (5)

(1) The 17 cities to be covered are: Belgorod, Bryansk, Ivanovo, Kaluga, Kostroma, Kursk, Lipetsk, Nizhniy Novgorod, Orel, Ryazan, Smolensk, Tambov, Tula, Tver, Vladimir, Voronezh and Yaroslavl.

(2) This license was amended to allow us to commence providing services no later than December 31, 2002 in the Republic of Dagestan and no later than December 31, 2003 in Ingushetia and Chechnya. The 10 cities to be covered are: Grozny, Krasnodar, Maikop, Makhatchkala, Nalchik, Nazran, Rostov-on-Don, Tcherkessk, Stavropol and Vladikavkaz. We must also cover Chechnya, Ingushetia and the Republic of Dagestan, but based on the extension of the start-of-service dates for these areas, we believe the date by which the territorial coverage requirement must be met has also been extended.

(3) The 12 cities to be covered are: Abakan, Barnaul, Dudinka, Gorno-Altaysk, Kemerovo, Krasnoyarsk, Kyzyl, Novokuznetsk, Novosibirsk, Omsk, Tomsk and Tara.

(4) In December 2002, VimpelCom-Region acquired 100% of Vostok-Zapad Telecom. Vostok-Zapad Telecom holds a GSM-1800 license covering all 12 territories of the Ural region and a GSM-900/1800 license covering six territories of the Ural region (the Komi Republic and Udmurtiya, Kirov, Kurgan, Sverdlovsk and the Yamal-Nenets autonomous district).

(5) The 14 cities to be covered are: Astrakhan, Elista, Kazan, Naberezhnye Chelny, Penza, Samara, Saransk, Saratov, Tcheboksary, Togliatti, Ufa, Ulyanovsk, Volgograd and Yoshkar-Ola.

Principal Terms and Conditions of our Territorial GSM Licenses

				Certain Requirements		
License Area	**Issue Date**	**Start-of-Service Requirement**	**Expiration Date**	**Compliance Date**	**Line Capacity No Less Than**	**Territorial Coverage**
Kabardino-Balkarskoy Republic (1)	Mar. 17, 2000	Mar. 17, 2001	Mar. 17, 2010	Dec. 31, 2001		5%
				Dec. 31, 2002		10%
				Dec. 31, 2004		30%
				Dec. 31, 2009	5,000	60%
Kaliningrad (2)	Nov. 4, 1996	Feb. 1, 1998	Aug. 1, 2006	Dec. 31, 1996	1,500	10%
				Dec. 31, 1997	2,000	20%
				Dec. 31, 1998	3,714	30%
				Dec. 31, 1999	6,000	50%
				Dec. 31, 2001	19,269	95%
Karachaevo-Cherkessk Republic (3)	May 5, 2000	May 5, 2001	May 5, 2010	Dec. 31, 2001		10%
				Dec. 31, 2010	40,000	60%
Orenburg (4)	June 13, 2000	June 13, 2001	June 13, 2010	Dec. 31, 2001	10,000	5%
				Dec. 31, 2003	20,000	10%
				Dec. 31, 2005	30,000	16%
				Dec. 31, 2010	60,000	32%
Samara (5)	April 17, 2002	Oct. 17, 2003	April 17, 2012	Dec. 31, 2004	20,000	30% of population
				Dec. 31, 2011	80,000	70% of population
Stavropol (6)	Mar. 7, 1997	Mar. 7, 1998	Mar. 7, 2007	Dec. 31, 1998	3,000	10%
				Dec. 31, 2000	10,000	60%
				Dec. 31, 2003	20,000	80%
				Dec. 31, 2007	40,000	90%

(1) The license for the Kabardino-Balkarskoy Republic is held by Kabardino-Balkarsky GSM, 80% of which is owned by StavTeleSot. See note (6) below.

(2) In December 2002, VimpelCom-Region acquired 100% of Extel. Extel holds a GSM-900 license for the Kaliningrad region, which is part of the Northwest region.

(3) The license for the Karachaevo-Cherkessk Republic is held by Karachaevo-CherkesskTeleSot, 80% of which is owned by StavTeleSot. See note (6) below.

(4) In July and October 2002, VimpelCom-Region acquired 99% of Orensot. Orensot holds GSM-900/1800 and D-AMPS licenses for the Orenburg region, which is part of the Ural region.

(5) The GSM-1800 license is held by Beeline-Samara, of which we own 51%.

(6) In January 2003, VimpelCom-Region acquired 90% of StavTeleSot. StavTeleSot holds a GSM-900/1800 license for the Stavropol region, which is part of the North Caucasus region.

We have met the applicable requirements for our Moscow GSM license. With respect to our regional GSM licenses for the Central and Central Black Earth, North Caucasus, Siberian and Volga regions, the start-of-service dates were deemed to have been met by the services that our company rendered prior to the issuance of the licenses to VimpelCom-Region and we have met the line capacity requirements. Our Northwest and Ural GSM licenses have start-of-service dates in March 2004 and May 2004, respectively. The requirement in the regional GSM licenses that specified cities be covered by certain networks by a specified date is a new type of licensing requirement. In a non-binding clarification from the Ministry of Communications issued in December 2001, the Ministry of Communications stated that this coverage requirement could be met by GSM-900 coverage and that no minimum number of base stations need be installed to meet this requirement. Accordingly, we understand that so long as one base station is installed in each such city in the 900 MHz frequency range, the license requirement is met.

We have installed at least one 900 MHz base station, based upon all necessary permissions that we are required to receive from various Russian government agencies, in each of the cities indicated our regional licenses for the Central and Central Black Earth, North Caucasus, Siberia and Volga regions, except in Dudinka in the Siberian license area, Naberezhnye Chelny in the Volga license area and Mahachkala in the North Caucasus license area and except for those which the start-of-service date has been extended to December 31, 2003. See "– Regulation of Telecommunications in the Russian Federation" below for a description of the licenses, approvals, certifications, and/or permissions that we are required to receive before the commercial launch of a wireless telecommunications network. We did not have all of the base stations installed with all necessary permissions by December 31, 2001. We are currently in the registration stage of obtaining the necessary permissions for Dudinka, Naberezhnye Chelny and Mahachkala. However, as of the date of this Annual Report on Form 20-F, we have not received any notifications from the Ministry of Communications regarding this provision in the licenses.

We do not currently hold a GSM license for the Far East region of Russia. We intend to seek to obtain a license for this region or to acquire existing operators on commercially attractive terms.

AMPS/D-AMPS

We hold AMPS/D-AMPS licenses for the Moscow license area and 10 other geographic areas: Kaluga, Karelia, Novosibirsk, Orenburg, Ryazan, Samara, Tver, Ulyanovsk, Vladimir and Vologda. In total, these licenses cover approximately 23.2% of Russia's population. The population in many of the regional AMPS/D-AMPS license areas may not be commensurate with the territorial coverage requirements. Currently, we are not in compliance with the territorial coverage requirements in the Karelia, Ryazan, Samara and Tver license areas, and we have not met the line capacity requirements in Karelia, Ryazan, Tver, Ulyanovsk and Vologda. We may not be able to, or may voluntarily decide not to, comply with the license requirements for some or all of these AMPS/D-AMPS license areas in the future. We provide AMPS/D-AMPS wireless services on a commercial basis in all of our AMPS/D-AMPS license areas.

On June 5, 2003, we entered into a series of agreements with ZAO "InvestElectroSvyaz" (which operates under the "Corbina-Telecom" brand name in Russia) in order to utilize the excess capacity on our D-AMPS network in the Moscow license area. We will continue to operate and maintain our Moscow D-AMPS network, servicing our existing Moscow D-AMPS subscribers and attracting new subscribers to our network. Under the terms of the agreements, Corbina-Telecom will enter into a sale and capital lease transaction for certain of our infrastructure equipment that provides for D-AMPS network functionality in the Moscow license area. Corbina-Telecom, acting as our agent, will have the right to attract new subscribers to our network. Corbina-Telecom will pay us a total of US$16.5 million (excluding VAT) for the equipment, with one-half of this purchase price to be paid within 30 days of execution of the agreements and the remainder to be paid by April 2004. In addition, during the next four years Corbina-Telecom will pay us service fees of US$1.0 million per year (net of the lease payments), subject to adjustment based on the traffic volume that Corbina-Telecom attracts. These arrangements provide us with sufficient capacity to provide service to our existing D-AMPS subscribers, as well as to new subscribers we expect to attract in the near future.

Products and Services

We render wireless services to our subscribers by offering:

- voice telephony service;
- value added services using SMS, Unstructured Supplementary Services Data, or USSD, WAP, GPRS and MMS technologies;
- interconnections with other networks; and
- access to both national and international roaming service.

We offer our subscribers services under two types of payment plans: contract plans and prepaid plans. As of March 31, 2003, in the Moscow license area approximately 18.6% of our subscribers were on contract plans and approximately 81.4% of our subscribers were on prepaid plans.

Contract plans

We market our contract plans to higher-use subscribers under the "Bee Line GSM" brand name. Our contract plans are offered on our GSM and D-AMPS networks. Our contract subscribers pay a monthly fee ranging from the equivalent of US$6 to US$120 (before taxes), depending on the tariff plan. Contract subscribers pay for airtime usage above any free airtime afforded to them under their particular tariff plan on a per second basis, from US$0.09 per minute to US$0.29 per minute (before taxes). The per minute charge depends on the type of contract plan and the time of the call. In August 2000, we introduced a new tariff plan called "Super GSM," which provides a subscriber with unlimited local airtime and a wide range of value added services for a monthly fee of US$180 (before taxes).

We also provide our corporate and higher use subscribers, including small and medium-size businesses, with a range of additional value added services, including specialized customer service, tailored pricing arrangements and access to sophisticated technical opportunities, such as individual corporate wireless networks.

Prepaid plans

In October 1998, we became the first wireless service provider in the Moscow license area to offer prepaid plans. We market our prepaid plans under the "Bee+" sub-brand name and offer either GSM or D-AMPS service to our prepaid subscribers. Prepaid subscribers may purchase prepaid scratch cards, which are denominated from US$5 to US$100 and must be used within a specific period of time ranging from seven to 390 days, depending on the denomination of the prepaid scratch card. By structuring the scratch cards in this manner, we are assured of receiving a minimum monthly usage per subscriber. We sell prepaid scratch cards at our sales offices as well as through a network of dealers and various retail distribution channels, such as bank branches, restaurants, supermarkets and gas stations. Prepaid subscribers may also replenish their prepaid balances through our "Beepay" channels.

We designed our prepaid plans to address the needs of the mass-market subscriber segment, which is comprised of more price-sensitive subscribers. Prepaid plans simplify the usage of wireless telephones by eliminating deposits and monthly bills and allowing subscribers to control their spending. We benefit by receiving advance payments without the need to issue invoices or monitor credit limits. As a result, prepaid plans reduce the risk of bad debt. However, prepaid subscribers tend to use less airtime compared to our contract subscribers.

Value added services

In addition to basic wireless communications, we currently offer a number of value added services, including non-voice services. We offer our value added services in the following eight categories:

- *Traditional value added services*. Generally, for an additional charge, we offer a variety of basic voice-related value added services, including caller-ID, calling line identity restriction, which enables our subscribers to block their phone number, call forwarding, call waiting and conference call services. Caller-ID and our calling line identity restriction are available for all calls by our subscribers to another number within our network. In addition, under certain circumstances, these services may be available for calls to a number outside our network.
- *Messaging*. Both our contract and prepaid subscribers can use SMS. SMS enables our subscribers to exchange short text messages with our subscribers, as well as with MTS and Megafon subscribers in the Moscow region. In May 2002, we launched our MMS on a trial basis. With MMS, our subscribers can send and receive different types of multimedia content, including melodies and songs, full-color images, photos, animation, postcards and digital pictures, free of charge. In 2003, we intend to introduce MMS tariffing to our subscribers.
- *Infotainment*. We provide infotainment services to our subscribers through both internal (through our BeeOnLine portal, the first Russian portal offering personal digital services, which we launched in 2000) and external providers. In February 2003, we launched on a trial basis a new infotainment service, called content provider access Beepartner, which is based on an open value chain business model. With Beepartner, we distribute information and services to our subscribers from third parties.
- *Mobile Internet*. Our mobile Internet services give our subscribers access to the Internet and internal corporate Intranets via mobile devices, such as mobile handsets, personal digital assistants, and laptops. We provide these services through different technologies. We launched commercial WAP services in 2000, which enable subscribers to connect to the Internet via a WAP-enabled mobile handset without using additional devices, such as a laptop or modem. We launched commercial GPRS-based services on April 1, 2002. GPRS provides data transmission using Internet protocols with increased speed sufficient to make GPRS-equipped networks a convenient means of accessing numerous applications that require the exchange of large volumes of data. We currently provide both WAP and GPRS services to our contract customers in the Moscow license area and to some prepaid subscribers in the regions outside of the Moscow license area. We currently provide only WAP services to our prepaid subscribers in the Moscow license area. However, we intend to commence providing GPRS services to our prepaid Moscow license area subscribers in 2003. We are also considering introducing WLAN services and intend, as an initial step, to introduce GPRS handover in combination with hot spots, which provide access to the Internet in public places via one or more wireless access points.

- *M-Commerce*. Our M-Commerce services will enable our subscribers to purchase goods and services through mobile handsets. We intend to launch commercial use of our M-Commerce services in 2003.
- *Services for our corporate and high-end users*. We provide our corporate and high-end users with additional value added services, such as Fixed Mobile Convergence, or FMC, which provides unified phone numbers for office and mobile telephones, Wireless PBX, a special virtual private network for corporate clients, access to corporate networks via GPRS, which allows a user to access corporate e-mail and other resources via mobile telephones, and corporate SMS e-mail.
- *Services designed to improve customer convenience*. In 2001, we launched two substantial customer convenience products, known as Beepay and Beeoffice. Beepay allows our subscribers to pay their bill online and to replenish their prepaid balances through convenient channels, such as shops, gas stations, dealers, ATMs and bank branches, without having to present an invoice. Beeoffice allows our subscribers to use their mobile handsets to manage the use of our different value added services via SMS, interactive voice response, the SIM Toolkit or the Internet. We are now evaluating our use of the SIM Toolkit and considering new technologies, such as USSD. USSD permits the transmission of information through our GSM network, which provides us with another way to provide value added services to our subscribers, including the activation of our prepaid scratch cards and notification of remaining prepaid balances.

Loyalty programs

Our loyalty programs are designed to retain our existing subscribers. In 2002, we launched our "Beebonus" card service. With a Beebonus card, our subscribers accumulate bonuses when they purchase goods from participating vendors. In turn, our subscribers can then pay for our services with these bonuses. In 2003, we intend to launch a Beebonus co-branding program and an internal bonus program.

Roaming

Roaming allows our subscribers and subscribers of other wireless operators, to receive and make international, local and long distance calls while outside of their home network.

Our GSM roaming service is instantaneous, automatic and requires no additional equipment. Because GSM is a standardized technology used throughout most of the world, GSM subscribers can make and receive calls in other locations that also operate a GSM network. As of December 31, 2002, we were operating under roaming agreements with 257 GSM providers in 121 countries in Europe, Asia, North America, South America, Australia and Africa. In addition, in 2002, we launched GPRS roaming with 19 operators in 19 countries, including Great Britain, Italy and Germany. We have also established domestic roaming agreements with 41 regional GSM providers in Russia, which provide roaming for our subscribers in more than 600 cities across Russia, including St. Petersburg. We expect to enter into additional roaming agreements around the world and in Russia.

Our AMPS/D-AMPS subscribers can also make and receive calls in more than 51 administrative regions of the Russian Federation, which include most of the major cities, and in five countries in the CIS, covering 10 time zones. Domestic roaming in Russia and certain countries in the CIS for subscribers of our D-AMPS network is provided through individual agreements between our company and 61 other AMPS/D-AMPS providers and facilitated by the Association-800, an association of AMPS/D-AMPS providers that we founded in February 1995. The Association-800 facilitates roaming, technical and economic policies and represents the rights of various Russian wireless service providers. As of December 31, 2002, the Association-800 had 49 members. Our roaming services are only available to our AMPS/D-AMPS contract subscribers.

We also have both international and domestic (TAP-file based) roaming services for our prepaid GSM subscribers. In 2003 we were the first to launch customized application for mobile network enhanced logic, or CAMEL, intranetwork prepaid roaming services, which allow our prepaid subscribers to use this service with any positive balance with online charging for roaming services within our network. We believe that CAMEL is a unique business service proposition that allows us to implement real time cost control and enables us to provide more dynamic service to our clients and to reduce bad debt.

In general, our roaming agreements provide that when one of our subscribers uses the wireless services of a corresponding service provider, we are responsible for paying the charges for those wireless services used by our subscriber at the tariff amount specified in the particular roaming agreement. We then charge the subscriber for the roaming expenses incurred plus a surcharge of 15% and the re-routing of incoming calls. In addition, we receive revenues from other service providers for calls made to and by their subscribers who are using our networks. In the future, we expect that our roaming revenues from wireless users visiting the Moscow license area will increase and that our regional operations outside of the Moscow license area will account for a greater percentage of our total roaming revenues.

Handsets and accessories

Our subscribers must have a handset that can be used on our wireless networks. Subscribers can purchase handsets from us, from a dealer or supplier or from another service provider. We do not intend to earn a significant profit on the sale of handsets and accessories. Rather, we intend to sell handsets and accessories to help obtain subscribers and ensure the supply of handsets in the marketplace. Therefore, we may offer handsets or accessories below cost as part of a sales promotion and in response to competition. In the future, we may consider shifting our handset sales to independent dealers as the wireless market grows and dealers' retail operations develop.

We currently offer GSM handsets manufactured by SonyEricsson, Motorola, Nokia, Philips, Siemens, Alcatel and other suppliers. Consistent with our approach to developing a dual band GSM-900/1800 network, we offer dual band GSM-900/1800 handsets, which increase the roaming ability of our GSM subscribers. In addition, we offer tri-band handsets for GSM-900/1800/1900, which allow our subscribers to roam automatically in the United States and Canada in areas where GSM-1900 networks are operational. We offer WAP-enabled and GPRS-supporting handsets provided by our suppliers. We also offer dual mode AMPS/D-AMPS handset models, the majority of which are manufactured by SonyEricsson, Motorola, Nokia and Philips, for use on our AMPS/DAMPS network.

Federal area codes

In 1998, we began offering our subscribers in the Moscow license area the option of receiving a ten digit federal telephone number, as an alternative to receiving a more expensive, local Moscow telephone number. Because our costs associated with the federal numbers are substantially lower than those associated with Moscow numbers, we can offer federal numbers on terms targeted at relatively cost-conscious subscribers. Calls using the federal telephone numbers are routed through long distance switches, but are billed as local calls to the calling parties for interconnection within the Moscow license area.

Our right to use federal telephone numbers was originally granted only for our GSM network. The basis on which we used federal numbers for our D-AMPS subscribers in the past could be subject to challenge. Our right to use federal numbers under the 901 area code for our D-AMPS services was set to expire on July 1, 2001, but the Ministry of Communications has provided us with an extension of this period, pending the introduction of a new area code in Moscow that is expected to supply additional numbering capacity for our D-AMPS network. We anticipate that only the area code will change and that our D-AMPS subscribers will be able to retain their base seven digit phone numbers with a Moscow area code.

Tariffs

Our wireless networks in the Moscow license area offer various tariff plans, each appealing to a specific subscriber segment, and are designed to fit different calling patterns. Our principal tariff plans are marketed under our Beeline GSM trade name. The following table summarizes the principal terms of our more popular tariff plans offered as of May 31, 2003, excluding sales taxes and value added tax:

	Bee+	Line 30	Line 100	Line 300	Super 30	Super 100	Super 500	Super 1000	Super GSM
Connection	Federal	Federal	Federal	Federal	Local Moscow	Local Moscow	Local Moscow	Local Moscow	Local Moscow
Monthly fee (US$)	None	6	15	30	11	22	60	100	180
Free monthly airtime for local calls	N/A	30 minutes	100 minutes	0 minutes	30 minutes	100 minutes	500 minutes	1000 minutes	Unlimited
Per minute, local calls (US$)	0.09–0.19	0.10–0.20	0.09–0.18	0.07–0.15	0.12–0.24	0.12–0.24	0.10–0.20	0.10–0.20	0

In addition to airtime charges, contract subscribers pay a deposit and, if they do not already have one, a charge for the handset. We have worked closely with a number of our corporate contract subscribers to create more efficient and cost effective tariff plans and programs tailored to their needs. All of our tariffs are quoted in U.S.-dollar equivalents.

Customer service

We place a high priority on providing consistently high quality service to our subscribers. We provide customer service in both Russian and English, 24 hours a day, seven days a week. We now have customer service centers in all of our sales offices throughout the country, including three dedicated walk-in centers in Moscow. In addition, we handle the majority of our customer contacts through six super-regional call centers. Automation has significantly improved our ability to provide high quality customer service to our subscribers. As of March 31, 2003 we employed approximately 1,900 service representatives in our subscriber service department as well as a varying number of personnel on temporary contracts in support functions. Service representatives handle subscriber activation and disconnection, follow up with subscribers who are late in paying their bills and answer questions regarding equipment usage, billing and disconnection due to lack of payment. As part of our customer relations program, our subscribers receive information through our free monthly newspaper, "Bee Line World", which has a circulation of approximately three million, and other brochures sent by courier from time to time.

Billing

In the first quarter of 2002, we installed a new billing system to support expected subscriber growth, geographic expansion and the introduction of new services. In March 2002, we migrated our Moscow-based subscribers to our new billing system from our legacy billing system. The accuracy and flexibility of our billing system are important components of our strategy of providing efficient and responsive customer service and also permit us to generate accurate and timely subscriber information and analysis. Amdocs developed our new Customer Care and Billing system, called CCBS Ensemble, and adapted it for the Russian market. Through CCBS Ensemble, we have integrated our billing, ordering and collection processes onto a single platform, eliminating the need for redundant systems and enhancing our customer service. CCBS Ensemble has supported and will continue to support us in the rapid deployment of advanced next-generation services, such as online stock quotes, traffic reports and entertainment services using mobile devices. It was also instrumental in enabling us to become the first wireless telecommunications operator to offer commercial GPRS in Russia. We began to migrate our subscribers in the regions outside of the Moscow license area to CCBS Ensemble in the beginning of 2003. We intend to complete this migration by the end of 2003.

In order to reduce our exposure to ruble devaluation, all subscriber invoices specify the amount owed in U.S.-dollar equivalents and require payment in rubles based on the exchange rate of the Central Bank of Russia on the date of payment, plus 1% to cover the cost of converting rubles into U.S. dollars. In 2002, wire transfers accounted for approximately 67%, cash payments accounted for approximately 32% and credit card payments accounted for approximately 1% of total funds received. Subscribers are required to pay their bills within 25 days of the bill date. Contract subscribers have their telephone number blocked when their accounts are more than 35 days overdue and have their wireless service terminated when their accounts are more than 60 days overdue. Service to prepaid subscribers is terminated after 180 days of inactivity. We notify subscribers regarding overdue balances using SMS, letters and telephone calls. In order to reduce the risk of bad debt, we require prospective subscribers to provide copies of valid passports, check the potential subscriber against a list of known bad debtors and enforce credit limits on deposits.

Marketing and Sales

Target subscribers

We separate our primary target subscribers into three large groups:

- large corporate subscribers;
- small and medium-size business subscribers and high income individual subscribers; and
- mass market subscribers.

We use the "Bee Line GSM" trade name to market our wireless services to our large corporate, small and medium-size business and high-income individual subscribers. The typical large corporate subscriber is less price sensitive, uses more airtime and pays on a contract basis for our wireless services. In 2002, we introduced a number of value added services for our corporate subscribers, including GPRS mobile access to corporate networks, corporate SMS e-mail, FMC and "Beeoffice". In addition, we are considering launching WLAN services.

We use the "Bee+" sub-brand name to market our wireless services to mass market subscribers. The typical mass market subscriber is price sensitive, uses less airtime and prepays for our wireless services. As a result of our mass marketing efforts, the growing acceptance of wireless telecommunications and declining tariffs, handset prices, connection fees and initiation deposits, we are attracting a large number of subscribers from the mass market and expect this trend to continue.

We are investing heavily to upgrade our information technology and billing systems and to improve our customer service, including the development of call centers. We have also implemented intelligent call routing technology, which allows us to provide differentiated service levels to different market segments of our subscribers.

Our subscriber growth in 2002 was fueled by GSM subscribers, given the popularity of the GSM standard and our network capacity. Using our GSM network, we offer a complete and advanced set of services to the corporate and higher use subscriber, while at the same time offering lower-priced services for the more cost-conscious mass market subscriber.

Advertising

We advertise our services and products under the "Bee Line" brand name, one of the most recognized brand names in Russia's telecommunications industry. We have focused on image advertising to position the "Bee Line" brand name as one of the leading, high quality wireless services in Russia. Further, we provide promotional information with our subscriber invoices and on our prepaid scratch cards to inform subscribers of alternative pricing arrangements, dealer locations and new value added services targeted to specific market segments. Advertising has been placed in popular publications, in our monthly newspaper, "Bee Line World", on radio and television and via outdoor media.

We have entered into license agreements with VimpelCom-Region for all of our registered trademarks and also license our "Bee Line" brand name to AMPS/D-AMPS service providers throughout Russia and the CIS. We conduct our advertising campaigns in cooperation with the licensees of our brand name to further increase the exposure for the "Bee Line" brand name. We obtain substantial marketing benefits from the brand recognition associated with this widely used brand name, both with existing subscribers traveling outside of our service areas and with potential new subscribers moving into our license areas. We are also coordinating the advertising policies of our dealers in an effort to capitalize on the increased volume of joint advertising and to ensure that the integrity and high quality image of the "Bee Line" brand name is preserved.

Distribution and marketing

We have developed the largest distribution network for wireless services in the Moscow license area with 77 independent dealers and 3,461 points of sale. As of December 31, 2002, our prepaid scratch cards could be purchased at approximately 6,000 locations. Our retail distribution channel for prepaid scratch cards includes large chains of electronic stores and other consumer retail stores and selected branch offices of banks, including Sberbank. In addition, we own three sales offices in the Moscow license area. In the first quarter of 2001, we acquired the "Mobile Center" dealer network, one of the largest retail dealer networks in Moscow, for approximately US$3.2 million. This acquisition added 12 additional offices to our distribution network. As of December 31, 2002, we had 28 "Mobile Center" sales offices in the Moscow license area. In 2002, we established a telesales group to target potential corporate customers and to assist them in becoming subscribers.

In each region outside of the Moscow license area where we operate, we have established at least one sales and customer care office. In addition, we have approximately 1,000 independent dealers and more than 4,000 points of sale in the regions. In assembling our network of dealers in the regions, we have employed the same strategy as in the Moscow license area, including providing dealer commissions and incentives and implementing fraud and other quality control measures. We also employ a direct sales force that focuses on sales to corporate and higher use subscribers. Our distribution and marketing efforts include significant attention to controlling product and corporate image, to ensuring brand usage and to implementing marketing policies at all points of sale.

In 2000, approximately 82% of our new subscribers enrolled through independent dealers, while approximately 18% enrolled directly with us. In 2001, we expanded the number of points of sale at which our services and products are offered, increasing the percentage of direct sales to approximately 30%. In 2002, our distribution strategy focused on making our products more affordable and available to potential new subscribers. As a result, we attracted a larger mix of mass-market subscribers, a greater proportion of which tend to enroll with us through independent dealers as compared to our corporate and high-end customers, most of which have enrolled directly with us. In turn, in 2002 the percentage of subscribers that enrolled directly with us decreased to approximately 11% in 2002.

Dealer commissions have been declining since August 2000. As of March 31, 2003, dealer commissions ranged between US$30 and US$120 for new contract subscribers and were approximately US$27 for each prepaid subscriber. In addition, as a result of the increase in the number of prepaid subscribers, we are paying lower average dealer commissions per subscriber. Furthermore, our acquisition of the "Mobile Center" network has also enabled us to reduce commissions. Despite the lower average commissions per subscriber, we believe that we enjoy a good relationship with our dealers. We believe that our prompt and accurate payments to dealers, our timely delivery of products and services and our dealer relationship policies provide us with an advantage over our competitors.

Our marketing efforts are based on the coverage and quality of our GSM network, our network capacity and our product innovations. These efforts include the introduction of our popular "Super GSM" plan for higher use subscribers with a flat monthly fee of US$180 (before taxes), unlimited local calls, fixed-mobile-convergence based products for corporate subscribers, location-based services, a variety of services using WAP technology and the BeeOnline portal.

Wireless Network Equipment and Operations

Wireless network infrastructure

GSM technology is based on an "open architecture," which means that equipment from any supplier can be added to expand the initial network. Our GSM and GPRS networks, which use Alcatel, Ericsson and Nokia equipment, are integrated wireless networks of base station equipment and digital wireless switches connected by fixed microwave transmission links, fiber optic cable links and leased lines. As of December 31, 2002, we had 1,721 GSM base stations, 76 base station controllers and seven switches for our dual band GSM network in the Moscow license area, covering approximately 46,800 square kilometers. Our GSM network in the Moscow license area currently has a capacity of approximately 4.2 million subscribers.

In 2003, our network development in the Moscow license area will focus on indoor coverage, more rapid adjustment of our network capacity to changing market demands and upgrades for new products. Our network development in the regions in 2003 will focus on significantly expanding network coverage in suburban areas, along key roads and in vacation areas, as well as rapid adjustment of our network capacity to meet planned subscriber growth and network quality targets.

AMPS/D-AMPS technology is based on a "closed architecture," which means that once the initial wireless network infrastructure equipment is in place, any equipment added to the network for expansion must be from the same supplier. We purchased equipment from Ericsson for our D-AMPS network in the Moscow license area. Our D-AMPS network in the Moscow license area is based on a wireless network of radio base stations connected to switches by our point-to-point microwave network and fiber optic network and coordinated with network software. As of December 31, 2002, we had 314 D-AMPS base stations in the Moscow license area, covering approximately 32,000 square kilometers. As of December 31, 2002, our D-AMPS network had a capacity of approximately 390,000 subscribers. As noted above, on June 5, 2003, we entered into a series of agreements with Corbina-Telecom in order to utilize the excess capacity on our D-AMPS network in the Moscow license area.

We have designed and put into operation "BeeNet," our fiber optic network designed to connect base stations to the switches of our GSM and D-AMPS networks in the Moscow license area and in the regions. Our fiber optic network has grown to 200 telecommunications nodes to which virtually all base stations are connected either directly or through telecommunications nodes to which base stations or base station controllers are connected. As of December 31, 2002, we had approximately 2,230 overall kilometers of fiber optic cable. The development of our fiber optic network was planned in accordance with the expansion plans for our GSM networks, including our networks in the regions. Our fiber optic network is intended to help us resolve transmission capacity problems, increase reliability and quality and be independent from the suppliers of transmission lines. To the extent excess capacity is available on our fiber optic network, we lease the excess capacity to third parties. In 2001 and 2002, our revenues from leasing excess fiber optic capacity were approximately US$1.9 million and US$1.8 million, respectively.

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 space for our base stations and equipment. Under these leases or cooperation agreements, we typically have the right to use premises located in attics or on top floors of buildings for base stations and space on roofs of buildings for antennas. In exchange, we pay the lessor or provide it with mobile telephones with a specified amount of free usage or a combination of both. We do not believe that we will have difficulty obtaining rights to space for future base stations, or replacing current sites, if necessary, on terms acceptable to us.

In order to provide stable and error-free operation of our wireless networks, our maintenance personnel perform daily software and database integrity checks. Base stations are inspected on a rotational basis every three months. The base station inspection includes checking the battery, power supply and combiners.

Interconnect arrangements

We need access to a wireline network to enable our subscribers to initiate calls to, and to receive calls from, persons using wireline networks. Our interconnect agreements provide us with this access. We have interconnect agreements with several wireline service providers in the Moscow license area and in the regions outside of the Moscow license area, including Combellga, Komet, MTT, MTU-Inform, Rostelecom, RusSDO, Sovintel, TeleRoss and Telmos. In Moscow, our interconnect agreements allow us to connect to the public switched network of Moscow operated by MGTS and to provide long distance and international services. We also have interconnect agreements with telecommunications providers in the Central and Central Black Earth, North Caucasus, Northwest, Siberian and Volga license areas that enable our subscribers to initiate calls to and received calls from the public switched telephone networks in the regions of Russia.

Pursuant to our interconnection arrangements, we pay for the use of local number capacity and traffic. As of December 31, 2002, we were using over 214,000 local Moscow numbers. We will purchase additional telephone line capacity in the Moscow license area as needed. Payment for Moscow telephone lines involves an initial one-time fee of approximately US$80 per line as of December 31, 2002, an average monthly fee per line, which does not exceed US$6, and an average traffic fee for local calls based on usage of approximately US$0.06 per minute. The use of federal numbers involves a traffic fee based on usage of US$0.01 per minute for local calls and does not require a monthly fee or the purchase of line capacity.

In the regions outside of the Moscow license area, we also use local numbering capacity. Payment for local telephone line capacity in the regions involves an initial one-time fee of approximately US$70 per line and traffic fees for local calls.

Handset suppliers

We sell dual mode GSM-900/1800, dual mode AMPS/D-AMPS and tri-band GSM handsets manufactured by companies such as Siemens, Nokia, Motorola, SonyEricsson, Ericsson, Alcatel, Panasonic, Samsung and LG. Alcatel and Nokia provide training to our sales force, dealers and engineering staff as well as cooperate with us on marketing and promotion. We have signed agreements with SonyEricsson, Motorola, Philips, Alcatel and Nokia for us to establish service centers in order to reduce the amount of time that any handset is out of service. We also intend to enter into agreements with Siemens, Samsung and LG this year for the repair of their phones in our service centers.

Competition

We have a significant number of competitors and we expect competition in the Russian wireless industry to intensify in the future as a result of new market entrants, consolidation in the industry, the growth of current operators and new technologies, products and services. In particular, competition in the Moscow license area is intense. Providers are utilizing new marketing efforts to retain existing subscribers and attract new ones, including lowering tariffs and offering handset subsidies. We compete with at least one other wireless operator in each of our license areas and in many license areas, we compete with two or more wireless operators.

We compete to attract and retain subscribers principally on the basis of:

- brand identity;
- price;
- quality of service;
- network coverage;
- enhancements offered; and
- subscriber services.

Moscow license area

MTS. Our primary competitor in the Moscow license area, MTS, initiated GSM service in Moscow several years before we did. Consequently, we had to spend considerable resources building our GSM-900/1800 network in 1999 and 2000 to reach a comparable level of service and coverage. MTS currently has a larger subscriber base, a greater share of the higher-use subscriber market and frequency allocations that provide MTS with a potential quality advantage with respect to its GSM-900 service. Deutsche Telekom AG, a telecommunications company with significant telecommunications assets and experience, recently reported that it beneficially owns 25.2% of MTS's voting shares. Sistema, a diverse Russian holding company with interests in several telecommunications companies, recently reported that it beneficially owns 51.9% of MTS's voting shares. Because of its strategic relationships with Sistema and Deutsche Telekom , MTS may have access to greater financial resources than our company in the future. According to our company's estimates, as of March 31, 2003, MTS's subscriber market share in the Moscow license area was approximately 44.2%, compared to our subscriber market share in the Moscow license area of 49.5%.

MTS has recently experienced subscriber growth up to three to four percent higher than us, as well as higher revenue growth. MTS has recently introduced a prepaid service called "Jeans" that may rival our leadership in prepaid service. Our "Bee+" prepaid service is a main factor contributing to our comparatively low subscriber acquisition cost and we expect it to be the main source of future revenue growth in the Moscow license area. Our stagnant revenue growth in late 2002 was due, in part, to the introduction of MTS's "Jeans" prepaid service.

Sonic Duo. In the Moscow license area, we also compete with Sonic Duo, a wholly-owned subsidiary of OAO Megafon. Megafon was formed on May 29, 2002 as a result of the merger of nine regional mobile phone operators. Megafon's shareholders include Telecominvest and TeliaSonera, the leading telecommunications group in the Nordic and Baltic regions. Sonic Duo received a dual band GSM-900/1800 license for the Moscow license area in May 2000, began providing roaming services in Moscow to subscribers of other wireless operators in the third quarter of 2001 and commenced operations in Moscow in late November 2001. Sonic Duo markets its services in Moscow under the Megafon brand name. According to J'son & Partners and Sotovik.ru, Sonic Duo had approximately 388,000 subscribers as of March 31, 2003, representing a subscriber market share of approximately 5%. The entry of Sonic Duo in the Moscow license area may lead to additional price competition among the GSM operators in Moscow, which could cause our financial results and market share to suffer. In late 2002, Sonic Duo aggressively lowered tariffs in an effort to attract more subscribers, which was a factor in our stagnant revenue growth during this period.

Other competitors in the Moscow license area. Open Joint Stock Company "Moscow Cellular Communications", or MCC, which operates an analog NMT-450 network, was the first wireless service provider in the Moscow license area, commencing operations on a limited basis in December 1991. MCC's shareholders include Rostelecom, MGTS and the Russian Telecommunications Development Company. According to our estimates, as of December 31, 2002, MCC's subscriber market share for the Moscow license area was 0.7%. In March 2000, the Ministry of Communications issued an approval to MCC to build a CDMA network in the Moscow license area in the 400 MHz frequency band.

JSC "Personal Communications," which operates under the brand name "Sonet," holds a license to operate a fixed wireless CDMA service in the Moscow license area in the 800 MHz frequency range. The Ministry of Communications clarified to us that the license provides for the creation of a fixed wireless service, but does not provide for the possibility of building a mobile wireless network. Since CDMA technology has a mobile capability, we view JSC "Personal Communications" as a potential competitor.

Other license areas

In the regions outside of the Moscow license area, GSM, AMPS/D-AMPS and/or NMT-450 networks are operational in many regions. MTS, Megafon and their affiliates are our main competitors in the regions outside of the Moscow license area. MTS has reported that it holds licenses to operate wireless networks in areas populated by 169.2 million people in 58 regions of Russia, as well as Belarus and Ukraine. Megafon reportedly holds licenses covering 100% of the population of the Russian Federation. However, due in part to the existing distribution of licenses, these companies do not operate in all regions in which we operate, and we do not operate in all regions in which MTS and Megafon operate or will operate. As of March 31, 2003, we had approximately 2.24 million subscribers in the regions. By comparison, MTS reported that, as of March 31, 2003, it had approximately 4.19 million subscribers in the regions and Megafon reported that, as of March 31, 2003, it had approximately 3.35 million subscribers in the regions.

We compete for GSM subscribers with MTS in the Central and Central Black Earth and Siberian license areas and both MTS and Megafon in the North Caucasus, Northwest, Ural and Volga license areas. MTS and Megafon have both had operations in the Northwest region, which includes St. Petersburg, before we did. We only recently launched commercial operations in St. Petersburg on April 15, 2003. In the Volga region, the Ministry of Communications recently issued a license to MTS covering Samara and MTS recently announced that it acquired a controlling interest in TAIF-TELKOM OJSC, which has a GSM license covering the Republic of Tatarstan. MTS's new Samara license and the TAIF-TELKOM acquisition represent a significant extension of MTS's license portfolio in the Volga region. In addition, both MTS and Megafon have GSM licenses in the Far East region, where we do not currently have a GSM license.

We also compete for GSM subscribers with local GSM and D-AMPS operators in the regions. For instance, we compete with SMARTS, a company that also holds licenses, either directly or indirectly through joint ventures, for GSM-900/1800 networks in the Volga license area and in certain parts of the Central and Central Black Earth license area. We may also compete with affiliates of MCT Corporation, which operate under the "Indigo" brand name. MCT Corporation reportedly owns interests in 18 wireless operators in Russia that operate using the GSM and D-AMPS standards. According to press reports, OAO Svyazinvest, Russia's state-owned telephone holding company, is contemplating the acquisition of a 50% interest in each of three regional mobile phone operators. If these acquisitions are consummated, Svyazinvest would become one of Russia's largest national cellular operators, along with MTS, Megafon and us.

In addition, we compete with providers of wireless services under other standards in the regions outside of the Moscow license area. Licenses have been granted for additional wireless networks in all of the areas in which we hold licenses. GSM-900 and NMT-450 networks are operational in most of our license areas. MCC, together with the Ministry of Communications and a Russian telecommunications company, Interregional Transit Telecom, established a unified NMT-450 roaming network in Russia under the commercial name "Sotel," allowing automatic roaming in certain regions of Russia using the NMT-450 standard. As of December 31, 2002, NMT-450 roaming was available in most regions of Russia.

New technology

Potential users of wireless networks may find their telecommunications needs satisfied by other current and developing technologies, particularly in the broadband wireless services sector. For example, one-way paging or beeper services that feature voice message and data display as well as tones may be adequate for potential subscribers who do not need to transmit back to the caller. In the future, wireless service may also compete more directly with traditional wireline service providers. Additionally, IP protocol telephony may provide competition.

3G wireless technologies, including UMTS, are beginning to be implemented in many countries. The Ministry of Communications is working on a regulatory framework for 3G services in Russia. Association-3G, an industry group charged with advising the Ministry of Communications on the procedure for allocating 3G licenses, has proposed that our company, MTS and Megafon each be issued a 3G license, and that a fourth license be issued to a fourth operator. The Ministry of Communications was expected to announce the license allocation procedure for 3G licenses during the second half of 2002 and issue the licenses during 2003. To date, however, no allocation procedures have been announced and no 3G licenses have been issued. UMTS and CDMA technology may become competing technologies. The UMTS standard is significantly superior to existing second generation standards such as GSM. We, MTS and Megafon have each constructed and are operating experimental 3G networks in Russia.

The Ministry of Communications has granted licenses based on CDMA technology for the provision of fixed wireless services in a number of regions throughout Russia. CDMA is a second generation digital cellular telephony technology that can be used for the provision of both mobile and fixed services. Although CDMA technology is currently classified in Russia as a fixed telephone service, it may be used for mobile communications when offered for use via portable handsets.

Seasonality

Our business is subject to certain seasonal effects. Specifically, sales of our contracts tend to increase during the December holiday season, and then decrease in January and February. Our marketing efforts during periods of decreasing sales help to offset these seasonal effects. As with contract sales, MOU also typically decreases in January and February. Our roaming revenues increase significantly from June to September, when many of our subscribers are traveling to vacation destinations outside of our network. Roaming on our network by subscribers of other networks tends to decrease during the December holiday season.

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 name. We have registered and applied to register certain trademarks and service marks with the Russian Agency for Patents and Trademarks in connection with our wireless telecommunications businesses.

Our registered trademarks and service marks include our brand name, logos and certain advertising features. With respect to domain names, we have registered the “vimpelcom.com” domain name with Network Solutions, which is one of the principal domain name registration services for the Internet. We have also registered the “vimpelcom.ru,” “beeline.ru,” “beelinegsm.ru,” “beeonline.ru,” “beeplus.ru” and certain other domain names with the Russian Scientific Research Institute on Development of Public Networks. Our copyrights are principally in the area of computer software for service applications developed in connection with our wireless and wireline network platform. We have copyrights to some of the designs we use in marketing and advertising our wireless services in Russia.

As part of our commitment to expanding our operations in the regions outside of the Moscow license area and in connection with Alfa Group's investment in our company and VimpelCom-Region, we entered into a series of trademark license agreements with VimpelCom-Region for our registered trademarks, including "Bee Line," "Bee Line GSM" and "Bee+" in both the English and Russian languages. These agreements give VimpelCom-Region the exclusive right to use these trademarks, for a nominal fee, within the Russian Federation outside of the Moscow license area for as long as our trademark registrations with the Russian agency for patents and trademarks are in effect, unless earlier terminated pursuant to the terms of these agreements. These agreements also allow VimpelCom-Region to sublicense the licensed trademarks to certain of its dealers and subsidiaries, to advertise its goods and services in the Russian Federation outside of the Moscow license area and to carry out its brand-building advertising in a manner consistent with our brand guidelines.

Properties

Our principal place of business is in a series of five buildings consisting of approximately 24,000 square meters that we own at 10 Ulitsa 8 Marta in Moscow. We use these buildings as an executive, administrative and sales office, warehouse and operating facility. The main switches for our D-AMPS network are also located at this site. In addition, we own a series of six buildings on Lesnoryadsky Pereulok in Moscow, constituting approximately 15,000 square meters, that are used as administrative offices and warehouse and operating facilities and that house the main switches for our Moscow GSM-900/1800 network. We also 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 sales and administrative office and subscriber service center. As collateral for our credit line, we have pledged to Sberbank five of the buildings on Lesnoryadsky Pereulok and our office on Ulitsa 1st Tverskaya-Yamskaya.

We also own office buildings in some of our regional license areas and lease space on an as-needed basis.

The table below sets forth our GSM network switches as of December 31, 2002. All of our network switches are in commercial operation except for four of our GSM switches in Moscow and our GSM switches in Samara, Kemerovo and Nori lsk.

License Area(s)	Location(s)	Number of Switches
Moscow	Moscow	7
Central and Central Black Earth	Nizhniy Novgorod	1
	Voronezh	1
	Lipetsk	1
	Belgorod	1
North Caucasus	Rostov–on–Don	1
	Kislovodsk	1
	Volgograd	1
	Krasnodar	1
	Makhachkala	1
Northwest	Kaliningrad	1
Volga	Saratov	1
	Ufa	1
	Kazan	1
	Samara	1
	Orenburg	1
Siberian	Novosibirsk	1
	Barnaul	1
	Omsk	1
	Kemerovo	1
	Krasnoyarsk	1
	Norilsk	1

As of December 31, 2002, we had 21 switches for our regional GSM networks with base station equipment as follows:

	GSM Base Stations	Base Station Controllers	Territorial Coverage (square kilometers)
Central and Central Black Earth	460	17	180,000
North Caucasus	287	7	83,000
Northwest	77	3	17,212
Siberian	269	9	49,000
Volga	261	8	49,300

We believe that our properties are adequate for our current needs and that additional space will be available as needed.

Legal Proceedings

We are involved in various lawsuits and claims incidental to our business, including disputes with the Russian tax authorities. In our opinion, the ultimate liabilities, if any, resulting from these lawsuits, claims and disputes will not materially affect our business, financial position or results of operations.

THE RUSSIAN TELECOMMUNICATIONS INDUSTRY

Overview

Since the early 1990s, the Russian telecommunications industry has grown rapidly as a result of increased demand from individuals and newly created private businesses. During the Soviet era, public telecommunications was not a priority for the government and the public telephone network was poorly maintained. Trade restrictions also limited access to advanced Western technology. As a result, most standard Russian telecommunications equipment is obsolete. Many Russian telephone exchanges are electromechanical and most telephones still use pulse dialing.

In the first half of the 1990s, the telephone administration in each region in Russia was converted into a separate joint stock company, creating approximately eighty-nine regional operators and Open Joint Stock Company for Long Distance and International Communications "Rostelecom", which we refer to in this Annual Report on Form 20-F as Rostelecom. Rostelecom provides telecommunications services in the Moscow license area and throughout Russia. The government controlled interests in most of these regional operators and subsequently placed them in a holding company called Svyazinvest, in which the Russian government currently holds an interest of 75% minus one share. During 2002 and 2003, the regional operators were consolidated into seven super-regional operators (not including the city of Moscow), with a view of making them more attractive to investors and facilitating their capacity to raise financing for upgrading infrastructure and improving service.

The fixed line telecommunications market in Moscow is dominated by MGTS. MGTS is the largest regional wireline service provider in Russia and offers local telephone services in Moscow. In 2002, MGTS reportedly had approximately 4 million subscribers. Although MGTS and Rostelecom are natural monopolies, a number of digital overlay network providers based in Moscow compete directly with the existing incumbents. Some of these competing providers have affiliations with MGTS or Rostelecom. These providers offer high quality local, domestic and international long distance telecommunications services through their networks and leased channels.

The Russian economy has significant unmet demand for both wireline and wireless telecommunications services. According to the International Telecommunications Union, Russia had a wireline penetration rate of 24% as of December 31, 2001. Svyazinvest has reported that, as of the end of 2002, it has a waiting list of approximately five million people. In comparison, according to the International Telecommunications Union, wireline penetration rates were 37% in Hungary and the Czech Republic, 40% in Europe and 66% in the United States as of December 31, 2001. Wireline density in Russia varies geographically.

As of the end of 2002, we estimate that the City of Moscow's wireline density was approximately 50 lines per 100 people, compared to approximately 22 lines per 100 people throughout Russia.

The Russian Wireless Telecommunications Market

Significant opportunity for growth exists in the Russian market for wireless telecommunications services. Unmet demand and the lack of a highly developed telecommunications infrastructure in Russia have created numerous opportunities for wireless service providers, including offering wireless services as the primary form of telecommunications services in areas where wireline service is inadequate, particularly in the Russian regions. During the last three years, Russia has been one of the fastest growing wireless markets in Eastern Europe and the Middle East, with estimated growth of 142%, 131% and 124% in 2000, 2001 and 2002, respectively, according to J'son & Partners and Sotovik.ru, independent news and information services providers specializing in the Russian wireless telecommunications markets. J'son & Partners and Sotovik.ru also estimate that Russia had approximately 18.03 million wireless subscribers as of December 31, 2002, thus ranking it currently as the second largest market in terms of wireless subscribers in Eastern Europe and the Middle East after Turkey (approximately 23 million wireless subscribers). J'son & Partners and Sotovik.ru also estimate that as of December 31, 2002, Russia had an overall wireless penetration rate of approximately 12.5%. We estimate that as of December 31, 2002, the wireless penetration rate was 42.4% in the Moscow license area and approximately 6.9% in the regions of Russia outside of Moscow and St. Petersburg. In comparison, it is estimated that wireless penetration rates in Western Europe are significantly higher, ranging from 64% in France to 86% in the United Kingdom and 94% in Italy. In Eastern Europe, it is estimated that wireless penetration rates range from 35% in Poland to 64% in Hungary and 80% in the Czech Republic. The table below indicates the number of subscribers, the wireless penetration rates and the annual growth in terms of the number of subscribers for 1997 through 2002 for each of Russia, according to J'son & Partners and Sotovik.ru's estimates, and the Moscow license area, according to our estimates.

	Russia			Moscow License Area		
	Subscribers	Penetration Rate	Annual Subscriber Growth	Subscribers	Penetration Rate	Annual Subscriber Growth
1998	710,000	0.5%	58.6%	281,000	1.8%	33.4%
1999	1,355,000	0.9%	82.1%	785,000	5.2%	179.4%
2000	3,445,000	2.4%	142.9%	1,993,600	13.3%	154.0%
2001	8,040,000	5.5%	130.6%	4,110,200	27.4%	106.2%
2002	18,005,000	12.4%	123.9%	7,201,400	42.4%	75.2%

We expect several key factors to drive the growth in the number of wireless subscribers in Russia and the Moscow license area in the near future, including the following:

- Continued expansion of the Russian economy should underpin the continuing growth in Russian per capita GDP and corresponding increases in net disposable per capita income. We expect this trend to be particularly evident in the regions.
- Declining costs, including connection costs, prices of handsets, initiation deposits and tariffs, are expected to make wireless services more affordable to the mass market subscriber segment.
- Significant advertising, marketing and distribution activities are expected to lead to increasing public awareness of, and access to, the wireless telecommunications market.
- Improving service quality, expanding coverage and an increasing range of value added services, coupled with the introduction of wireless Internet technology and information and content delivery, will drive the higher use of, and greater demand for, non-voice wireless services.

The Ministry of Communications issues certain telecommunications licenses and maintains control over the licensing of GSM, AMPS, CDMA, NMT-450 and, in the future, 3G networks. Wireless telecommunications standards are either federal or regional standards. In most license areas, the Ministry of Communications has issued licenses for two or three competing wireless telecommunications standards and has licensed at least two or three competing GSM wireless telecommunications service providers.

- The Ministry of Communications designated GSM and NMT-450 as federal standards. The Ministry of Communications issued certain GSM and NMT-450 licenses basically through a competitive tender process.
- The Ministry of Communications initially issued GSM licenses on a region-by-region basis but then modified this practice and issued GSM licenses for large geographical areas covering several regions.
- As of the end of 2002, according to our estimates, the Ministry of Communications had issued four NMT-450 licenses and 111 GSM licenses, of which 21 GSM licenses are for eight regions covering large geographical areas. We hold seven of the 21 GSM licenses that cover large geographical areas.
- The Ministry of Communications designated AMPS as a regional standard, which allows local governments to participate in the development of telecommunications within their jurisdictions. The government of each region in Russia establishes licensing guidelines for AMPS and recommends licensees to the Ministry of Communications. Once the selection process is complete, the licenses are subject to the same federal regulations as all other telecommunications licenses. As of the end of 2002, according to our estimates, the Ministry of Communications had issued 67 AMPS/D-AMPS licenses, 11 of which we hold. The Ministry of Communications has announced that it may reallocate frequency that is currently used by AMPS/D-AMPS license holders for other purposes.

- The Ministry of Communications has not yet finalized procedures for issuing licenses for 3G wireless networks with a frequency range of 1.9 to 2.1 GHz. Under Russian law, licenses to provide mobile telecommunications services on a frequency greater than 1800 MHz must be issued by competitive tender. Association-3G, an industry group charged with advising the Ministry of Communications on the procedure for allocating 3G licenses, has proposed that we, MTS and Megafon each be issued a 3G license, and that a fourth license be issued to a fourth operator. Although the Ministry of Communications was expected to announce the license allocation procedure during the second half of 2002 and issue the licenses during 2003, no allocation procedures have been announced to date.

In addition to existing wireless standards, a number of CDMA licenses have been issued in Russia. Although the Ministry of Communications has confirmed that the use of CDMA licenses is restricted to fixed networks, CDMA has a mobile capability and it has been reported in the Russian press that some CDMA licensees in Russia have provided service on wireless handsets, which probably violates the terms of their licenses.

Wireless Technology

Overview

Wireless networks use a variety of radio frequencies to transmit voice and data. Broadly defined, the commercial wireless telecommunications industry includes one-way radio applications, such as paging or beeper services, and two-way radio applications, such as wireless services, personal communications services, or PCS, and enhanced specialized mobile radio services. Since the introduction of commercial wireless services in 1983, the wireless telecommunications industry has experienced dramatic worldwide growth. According to EMC, an independent research and publishing company specializing in the wireless telecommunications industry, the number of global wireless subscribers was approximately 1.2 billion as of April 30, 2003.

Wireless service is currently the predominant form of commercial mobile wireless voice telecommunications service. Wireless networks have historically been analog-based systems, which use one continuous electronic signal that varies in amplitude or frequency over a single radio channel. However, over the last several years, wireless service providers have deployed digital service in most major metropolitan markets worldwide and in many rural and sparsely-populated areas. Digital systems convert voice or data signals into a stream of digits that is compressed before transmission, enabling a single radio channel to carry multiple, simultaneous signal transmissions. This compression process increases the capacity of the wireless networks. This enhanced capacity, along with enhancements in digital protocols, allows digital-based wireless technologies to offer new and enhanced services, such as greater call privacy, better fraud control, SMS and more complex data transmission features, including facsimile, e-mail, Internet and data network access.

Wireless networks are divided into multiple geographic coverage areas, known as cells. Each cell contains a transmitter, a receiver and signaling equipment. It is collectively known as the cell site. Microwave or wireline telephone circuits connect the cell site to a switch that uses computers to control the operation of the wireless network for the entire service area. The computers control the transfer of calls from cell to cell as a subscriber's handset travels, coordinates calls to and from handsets, allocates calls among the cells within the network and connects calls to the local wireline telephone networks or to a long distance carrier. Because the signal strength of transmission between a handset and a cell site declines as the handset moves away from the cell site, the switching office and the cell site monitor the signal strength of calls in progress. When the signal strength of a call declines to a predetermined level, the switching office may hand-off the call to another cell site where the signal strength is stronger. Cells are typically designed on a grid, although terrain factors, including natural and man-made obstructions, signal coverage patterns and capacity constraints may result in irregularly shaped cells and overlaps or gaps in coverage.

The design, structure and operation of wireless networks require various supplemental arrangements in order for wireless service providers to offer a more complete package of wireless services. Wireless service providers establish interconnection agreements with local exchange carriers and interexchange carriers, thereby integrating their network with the existing wireline network. In addition, wireless service providers normally agree to supply service to subscribers from other compatible wireless networks that are temporarily located in or traveling through their service areas in a practice called roaming. Roaming agreements usually require the subscriber's wireless service provider to pay the serving carrier at rates prescribed by the serving carrier. Although wireless, PCS and enhanced specialized mobile radio systems utilize similar technologies and hardware, each system operates on different frequencies and use different technical and wireless network standards. Multi-mode or band telephones, however, make it possible in many instances for users of one type of network to roam on a different type of network outside of their service area.

Wireless signal transmission is accomplished through the use of various forms of air interface protocols. Four distinct technologies have evolved as the most prevalent standards in Russia and have been deployed worldwide in wireless networks:

- GSM is a digital standard that originated in Europe and is currently the world's largest wireless standard. GSM-900 and GSM-1800 were developed with the goal of creating a unified pan-European standard, giving the user a near uniform service throughout Europe. GSM-1900 is used in the United States, Canada and in a number of countries in Latin America. GSM-900 is currently considered to be commercially more attractive than GSM-1800 because it requires fewer rebroadcasting stations and is more widespread in Europe, thus simplifying international roaming. GSM-1800 is more advantageous in densely populated urban areas. The most efficient application of GSM technology is a combination of GSM-900 and GSM-1800 in a unified wireless network that is commonly referred to as a dual band GSM-900/1800 network.
- AMPS is an analog standard developed by Bell Labs in the 1970s and was first used commercially in the United States in 1983. AMPS operates in the 800 MHz band and is currently one of the world's largest wireless standards. Time Divisional Multiple Access, or TDMA, was adopted and certified by the Cellular Telecommunications Industry Association. AMPS systems may be converted to D-AMPS networks using TDMA technology. Digital technology is an advanced technology that can offer increased network capacity, better sound quality, greater call privacy, better fraud control, SMS and more complex data transmission features relative to analog technology.
- CDMA is a Qualcomm-designed digital spread-spectrum technology. CDMA is used most commonly in the United States and a number of countries in Asia. CDMA is characterized by high capacity, employing spread-spectrum technology and a special coding scheme.
- NMT-450 is an early generation European analog standard developed by Ericsson and Nokia to service the rugged Scandinavian terrain. The advantages of digital standards are not available to subscribers using this standard.

While the AMPS/D-AMPS-based wireless standard remains one of the more widely used standards in the world, particularly in the United States, reportedly accounting for approximately 10% of all worldwide wireless subscribers as of the end of 2002, GSM subscribers reportedly accounted for 72% of the world's digital market and 70% of the world's wireless market at the end of 2002.

Each technological standard is currently incompatible with each other technological standard. As a result, wireless subscribers may only utilize digital wireless service in the areas where the technological standard that is utilized by their handset has been deployed. Over time, these standards are expected to converge and become compatible, assuming wireless service providers invest in developing 3G technologies.

A subscriber using a multi-mode telephone may obtain service from both digital and analog systems and may also utilize both wireless services and PCS. Until digital wireless networks become fully developed, those digital subscribers who wish to utilize wireless services in areas currently without digital coverage will need to use a multi-mode handset that utilizes an area's applicable digital standard.

The capacity and quality of domestic and international wireless networks have evolved with advances in technology. In response to capacity and level of service demands, wireless service providers are expanding their current infrastructure and are implementing new wireless technologies, such as 3G networks. The level of technology advancement used in mobile wireless networks is generally grouped into the following three categories:

- First generation wireless networks feature analog technology that provides voice and low speed data services.

- Second generation wireless networks, including GSM, feature digital technology. Digital technology provides wireless service providers and subscribers with advantages over analog technology, including increased network capacity, better sound quality, greater call privacy, better fraud control, SMS and more complex data transmission features, including facsimile, electronic mail, Internet and data network access. Some of these advanced products developed within GSM technology are referred to as 2.5 GSM products.
- 3G wireless networks, including those utilizing UMTS technology and CDMA 2000, feature increased capacity and data speeds that permit wireless transmission of integrated voice, video and data traffic. This technology can be implemented with new infrastructure or also as an equipment overlay to existing second generation wireless networks. Wireless service providers anticipate beginning to upgrade their wireless networks to third generation levels over the next few years as regulatory agencies around the world begin to license the frequency band for this digital technology. Licenses to use this frequency band have already been awarded in much of Western Europe and in certain Asian Pacific basin countries, including Japan, Australia and South Korea, and are expected to be awarded elsewhere in Europe and in the United States over the next several years.

The introduction of WAP constitutes an important step in the convergence of wireless devices and the Internet, a trend that is expected to accelerate with the introduction of new technologies, including GPRS. WAP is a relatively new advanced intelligent messaging service for digital wireless devices and other wireless terminals that allows users to see Internet content in special text format on special WAP-enabled GSM wireless devices. WAP has become the current global industry standard for providing data to mobile wireless devices. This convergence of technologies is expected to expand the type of services available on wireless devices, while also increasing the use of wireless telecommunications services. Wireless penetration rates worldwide are expected to increase as new technologies provide improved access to the Internet and a wider range of service capabilities through wireless devices.

REGULATION OF TELECOMMUNICATIONS IN THE RUSSIAN FEDERATION

The Russian federal government regulates the telecommunications industry in Russia. The Federal Law on Communications, dated as of February 16, 1995, as amended, which we refer to in this Annual Report on Form 20-F as the Communications Law, is the principal legal act regulating the Russian telecommunications industry. The Communications Law sets forth the general principles and guidelines of Russia's telecommunications regulatory structure.

Administrative regulations implement the broad framework established by the Communications Law. In practice, Russian authorities apply many administrative regulations that were promulgated prior to the enactment of the Communications Law. Under Russian law and administrative practice, these regulations remain in effect until new regulations are enacted. This often results in uncertainty in applying Russia's regulatory framework to our operations.

The Communications Law addresses a number of important telecommunications issues, including the authority to conduct business in the telecommunications industry and 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 wireless service providers;
- allocate radio frequencies;
- certify telecommunications equipment; and
- ensure fair competition and freedom of pricing.

The Communications Law does not contain any specific restrictions with regard to foreign ownership or operation of telecommunications assets in Russia. Further, all service providers have access to the Interconnected Telecommunications Network, or ITN, which is a centrally managed complex of telecommunications networks owned by different enterprises and governmental agencies of the Russian Federation. Moreover, each service provider has the right to interconnect its networks with the ITN as long as the individual service provider complies with the connection conditions set forth in its license.

As discussed in more detail below, before commercial launch of a wireless telecommunications network, a company must receive, among other things:

- a license from the Ministry of Communications to provide mobile telephony services using a specific standard and band of radio frequency spectrum;
- approval to use specific frequencies within the specified band from the State Radio Frequencies Service;
- certification of the equipment to be used in the network;
- a permission from the FGUP Main Radio Frequency Center to use radio frequency for the installation of radio electronic devices, or REDs;
- a permission from the FGUP Main Radio Frequency Center to use radio frequency for the operation of REDs;
- a permission from Gossvyaznadzor for the operation of REDs; and
- a permission from Gossvyaznadzor for the operation of communications objects.

Regulatory Authorities

The Ministry of Communications is the federal agency with executive power to regulate the telecommunications industry. The Ministry of Communications allocates the federal telecommunications budget, supervises the technical condition and development of all types of telecommunications and issues licenses for provision of telecommunications services in Russia, regardless of the standard or technology.

The Ministry of Communications controls numerous federal agencies, including the State Radio Frequencies Service (*Gosudarstvennaya Radiochastotnaya Sluzhba*) and Gossvyaznadzor. The State Radio Frequencies Service is responsible for developing and implementing a long-term policy for frequency allocation and issues frequency permits. As part of the issuance process, the State Radio Frequencies Service obtains consents from other federal authorities for a particular frequency allocation, including consents from the Ministry of Defense and civil aviation authorities. Gossvyaznadzor is responsible for supervising networks and equipment throughout Russia, including monitoring network operator compliance with applicable regulations, license and frequency allocation terms and equipment certification.

The Russian Anti-Monopoly Ministry supervises competition and pricing regulations. The Federal Agency on Governmental Communications and Information, an executive agency whose role in telecommunications regulation is not clearly defined by the Communications Law, is primarily responsible for the development and maintenance of networks for the Russian government. In addition, the Russian Ministry of Health Protection has some authority over the location of telecommunications equipment.

Licensing to Provide Telecommunications Services

The Communications Law requires that each service provider obtain a license prior to commencing telecommunications services. The most notable exceptions to this licensing requirement include providing telecommunications services for "in house" purposes (*i.e.*, within an automobile, on a ship, in an airplane or in another means of transportation), for internal production or technological purposes, or for public administration, defense, security and law enforcement purposes.

The Ministry of Communications issues licenses to provide telecommunications services on the basis of a decision by the Licensing Commission, a regulatory agency controlled by the Ministry of Communications. For the most part, the Ministry of Communications has not issued new licensing regulations since the enactment of the Communications Law. In practice, the Ministry of Communications continues to issue licenses based on:

- "Regulations on Licensing in the Field of Telecommunications in the Russian Federation," or the Licensing Regulations, enacted by Decree No. 642 of the Russian Government on June 5, 1994, which we refer to in this Annual Report on Form 20-F as the Licensing Regulations; and
- "Regulations On Holding of Competitive Tenders for Obtaining Licenses on Activities Related to the Provision of Cellular Radiotelephone Services by Using Radio Frequencies," or the Cellular Regulations, enacted by Decree No. 578 of the Russian Government on June 10, 1998, which we refer to in this Annual Report on Form 20-F as the Cellular Regulations.

Under the Licensing Regulations, licenses to provide telecommunications services may have terms ranging from three to ten years and one person may hold several different licenses. Under the Cellular Regulations, licenses to provide wireless services are usually issued on the basis of a competitive tender (although the practice in this regard varies) and generally have terms of ten years. Once a license is issued, the licensee must register it with the local department of Gossvyaznadzor. The Ministry of Communications may renew an existing license upon Gossvyaznadzor verifying that the licensee has conducted its activities in accordance with the terms of the expiring license. Officials of the Ministry of Communications have fairly broad discretion with respect to both the issuance and renewal of licenses.

Both the Communications Law and the Licensing Regulations provide that licenses are non-transferable. Thus, a license cannot be contributed to the charter capital of another entity. Furthermore, this transfer restriction has been interpreted to prohibit assignment or pledge of a license to provide collateral for obligations of the licensee or a third party. However, pursuant to a letter issued by the Deputy Minister of Communications a licensee may enter into agreements with third parties in connection with the provision of services under the licensee's license. Under the Cellular Regulations, wireless service licenses obtained through competitive tender are freely assignable for the remaining term of the license. However, the conflict between the transfer provisions in the Communications Law and the Cellular Regulations makes it unclear whether a wireless service license obtained in a competitive tender is in fact freely assignable.

Licenses to provide telecommunications services may be revoked or suspended by the Ministry of Communications for several reasons. The Licensing Regulations provide that a telecommunications license may be suspended for any of the following reasons:

- failure to comply with the terms and conditions of the license;
- failure to provide services within three months from the start-of-service date set forth in the license;
- providing inaccurate information about the telecommunications services rendered to subscribers; and
- refusal to provide documents requested by the Ministry of Communications.

Further, the Licensing Regulations provide that a telecommunications license may be revoked for any of the following reasons:

- failure to remedy in a timely manner the circumstances that resulted in a suspension of the license;
- engaging in practices of unfair competition by the licensee in performing the licensed services; and
- other grounds set forth by Russian law or international treaties.

A licensee pays a fee for the issuance of a telecommunications license equal to a multiple of the monthly minimum wage. As of December 31, 2002, this fee was the ruble equivalent of approximately US$1,000 per license. While these license fees are nominal, many telecommunications licenses require a contribution from the licensee to help finance Russia's development of its public switched telecommunications network.

Licenses generally contain a number of other detailed conditions, including a date by which service must begin, requirements for adhering to technical standards and a schedule of the capacity of the network that must be attained and either percentage of the licensed territory or cities within the licensed territory that must be covered by specified dates. Certain of these conditions have been introduced only recently and it is not yet clear how the Ministry of Communications will interpret them. The Ministry of Communications has the right to change the terms of a license following a change in Russian legislation.

Radio Frequency Allocation

After obtaining a license, wireless telecommunications operators must apply for frequencies in order to operate a network; the license itself is not sufficient. The State Radio Frequencies Service oversees the use of radio frequencies and spectrum allocation and issues related permits. The State Radio Frequencies Service reviews licensee site plans relating to proposed wireless networks. Typically, a licensee must seek review and approval from the State Radio Frequencies Service more than once during the term of a license. The State Radio Frequencies Service provides for electromagnetic compatibility with other radio equipment operating in the same area. Additionally, pursuant to Government Decree No. 552, dated June 2, 1998, "On Payments for the Use of Radio-Frequency Spectrum," payments are made for using radiofrequency spectrum for the following services:

- mobile radio-telephone telecommunications;
- wireless telephone radio-telecommunications;
- mobile radio telecommunications;
- personal radio-call;
- personal radio-call with division of the VHF FM channels;
- personal global satellite telecommunications; and
- distribution of television programs systems of the MMDS, LMDS and MVDS type.

Government Decree No. 895, dated August 6, 1998, "On Approval of Regulations on Payment for the Use of the Radio Frequency Spectrum in the Russian Federation," further requires that all operators pay an annual fee set by the State Radio Frequencies Service and approved by the Anti-Monopoly Ministry for the use of their frequency spectrums. According to Government Decree No. 380, dated April 28, 2000, "On the Reorganization of the State System of Supervision over Communications and Information in the Russian Federation," communications operators must also make monthly payments to fund the operations of Gossvyaznadzor. These fees are fixed by the Ministry of Communications and approved by the Ministry of the Economy and the Ministry of Anti-Monopoly Policy in the amount of 0.3% of the revenues generated by rendering communications services.

Equipment Certification

Certain telecommunications equipment used in Russia must be certified by the Ministry of Communications' Department of Certification as compliant with certain technical requirements. High-frequency radio-electronic equipment, which uses frequencies in excess of 9.0 KHz, requires special permission from the State Radio Frequencies Service and is authorized only for personal use. The design, production, sale, use or import of encryption devices, which include some commonly-used digital wireless telephones, require a license and equipment certification from the Federal Agency of Governmental Communications and Information.

The Ministry of Communications Decree No. 8, dated January 14, 1997, also directs public switched telephone network operators to give preference to Russian producers when purchasing switching equipment. Public switched telephone networks must receive permission from the Ministry of Communications in order to purchase foreign-produced equipment. Also, Government Decree No. 903, dated August 5, 1999, "On Regulation of Use of Equipment in the Interconnected Telecommunications Network," gives the Ministry of Communications and the Anti-Monopoly Ministry the right to restrict the use of certain equipment, including equipment manufactured outside Russia.

Pricing, Competition and Interconnections

While the Communications Law generally provides that tariffs for telecommunications services may be negotiated between providers and users, the law also indicates that tariffs for some types of telecommunications services may be regulated by the federal government. Wireless telecommunications operators are free to set their own tariffs. In contrast, Russian Government Decree No. 715, dated October 11, 2001, "On Improvement of State Regulation of Telecommunications Services Tariffs," provides that prices for the following telecommunications services are to be regulated by the Russian Anti-Monopoly Ministry:

- long-distance telephone connection (calls) to fixed line clients;
- access to the telephone network, regardless of the type of line the client is using (wireline or radio); and
- local telephone connection (calls) to fixed line clients.

The Communications Law prohibits using a dominant position to hinder, limit or distort competition and it requires federal regulatory agencies to promote competition among wireless service providers. Further, Presidential Decree No. 221, dated February 28, 1995, "On Measures for Streamlining State Regulation of Prices (Tariffs)" and Russian Government Decree No. 239, dated March 7, 1995, as amended, "On Measures of Systemization of State Regulation of Prices (Tariffs)," allow for regulation of tariffs and other commercial activities of telecommunications companies which are "natural monopolies." In accordance with Decree No. 21 of the Russian Anti-Monopoly Ministry dated January 18, 2000, as amended, the basis for inclusion into the register of natural monopolies of companies which provide communication services is the existence of a license for provision of certain types of communications services which are listed in Section 2 of this decree, and the existence of data confirming the factual provision of services. At present, neither we nor our subsidiaries are included in the register of subjects of natural monopolies. Therefore, neither we nor our subsidiaries are subject to these regulations.

Russian legislation also requires that operators of public switched telephone networks may not refuse to provide connections or discriminate against one operator over another. However, a regional fixed line operator may charge different interconnection rates to different wireless telecommunications operators, subject only to the requirement that the rates do not exceed three times the public switched telephone network operator's costs.

Compliance with Government Surveillance System

The Communications Law provides that telecommunications may be intercepted only pursuant to court order. Federal Law No. 144-FZ, dated August 12, 1995, "On Operational-Investigative Activities," initiated a surveillance system, known as SORM, which is operated partly by the Federal Security Service, a government agency responsible for surveillance. In 1997, the Ministry of Communications and the Federal Security Service reached agreement on matters relating to the implementation of SORM in the telecommunications industry. SORM requires telecommunications providers to ensure that their networks are capable of allowing the government to monitor electronic traffic and requires telecommunications providers to finance the cost of additional equipment needed to make their systems compliant. Recent legislation extended access to electronic traffic to three other state agencies, including the tax authorities. Currently, we are in compliance with Russian law requirements related to SORM and, accordingly, certain government agencies are able to monitor electronic traffic on our network.

Regulation of the Internet

At present, there is no comprehensive regulatory scheme directly applicable to Internet content. As a result, it is somewhat unclear what type of licenses may be required for the provision of Internet and Internet-related services. The Russian media has reported, however, that the Russian parliament has recently begun to consider the possibility of legislation regarding Internet content.

ITEM 5. Operating and Financial Review and Prospects

The following discussion and analysis should be read in conjunction with the section of this Annual Report entitled "Item 3 – Key Information – A. Selected Financial Data" and our 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" and elsewhere in this Annual Report on Form 20-F.

Overview

We are a leading provider of wireless telecommunications services in Russia, operating under the "Bee Line" brand. Bee Line is one of the most recognized brand names in Russia. Based on independent estimates of the number of subscribers of our competitors in the Moscow license area, we estimate that our market share in the Moscow license area was 51.6% at the end of 2002. In addition, we are now accelerating the development of our national GSM footprint by expanding our GSM service areas to regions outside of Moscow. As of December 31, 2002 we had approximately 1.44 million subscribers on our networks in the regions outside of the Moscow license area as compared with 200,300 subscribers as of December 31, 2001. Our GSM licenses permit us to operate wireless networks in areas populated by approximately 134 million people, or approximately 92% of the Russian population.

Effective for the year ended December 31, 2001, our company has two reportable segments – the Moscow license area and the regions outside of the Moscow license area. The Moscow license area includes the city of Moscow and the Moscow region. The regions outside of the Moscow license area include all other regions of the Russian Federation. Our management analyzes the reportable segments separately because of different economic environments and the different stages of development of markets of wireless telecommunications services in different geographic areas, which require different investment and marketing strategies. The Moscow license area is a more developed market for our company's services compared to the regions outside of the Moscow license area.

In each of 2002, 2001 and 2000, we increased our revenues primarily by increasing our number of subscribers. We increased our number of subscribers primarily through organic growth, which was augmented in 2002 and 2001 by selected acquisitions. Approximately 1.4% and 3.5% of our consolidated total operating revenue in each of 2002 and 2001, respectively, was generated by subsidiaries acquired in each such year, with the remaining increase in total operating revenues generated through organic growth and greenfield roll-outs. In each of 2002 and 2001, we gained approximately 274,000 and 23,000 subscribers, respectively, as a result of our acquisitions of controlling interests in other wireless telecommunications companies (measured as of the date of acquisition).

We offer both contract and prepaid services to our subscribers. The following table indicates our subscriber figures, including the number of subscribers in the Moscow license area and the regisubscribers and GSM subscribers as percentages of our total subscriber base, for the periods indicated.

	Years Ended December 31,		
	2002	2001	2000
Total number of subscribers	5,153,100	2,111,500	833,600
Moscow	3,712,700	1,911,200	780,100
Regions	1,440,400	200,300	53,500
Percentage of GSM subscribers	93.7%	81.4%	56.8%
Percentage of prepaid subscribers	79.0%	65.8%	66.5%

We define our churn rate as the total number of subscribers disconnected from our network in a given period expressed as a percentage of the midpoint of the number of our subscribers at the beginning and end of that period. We consider a subscriber to have been disconnected if the subscriber is a contract subscriber who has not made a payment in the last two months or if the subscriber is a prepaid subscriber who has not had a charge on his or her phone in the preceding six months. Migration of subscribers from our D-AMPS network to our GSM network, as well as migration between tariff plans, were technically recorded as churn, thereby contributing to the increase in our churn rate recorded in each of the last three years, although we did not lose those subscribers. The following table shows our annual churn rates for the periods indicated:

	Years Ended December 31,		
	2002	2001	2000
Churn rate	30.8%	23.0%	34.0%
Moscow	33.9%	23.7%	N/A
Regions	14.5%	8.9%	N/A

Contributing to the increase in our churn rate in 2002 was high subscriber growth, as well as internal migration and increased competition.

While our subscribers and revenues have grown in each of 2002, 2001 and 2000, our average monthly service revenues per subscriber, or ARPU, and minutes of use per subscriber, or MOU, have been decreasing. ARPU is calculated for each month in the relevant period by dividing our service revenue during that month, including roaming revenue, but excluding revenue from connection fees and sales of handsets and accessories, by the average number of our subscribers during the month. MOU is calculated for each month in the relevant period by dividing the total number of billable minutes of usage for incoming and outgoing calls during that month (excluding guest roamers) by the average number of subscribers during the month. The following table shows our monthly ARPU and MOU for the periods indicated:

	Years Ended December 31,		
	2002	2001	2000
ARPU	US$ 18.3	US$ 26.2	US$ 37.2
Moscow	US$ 19.4	US$ 26.5	N/A
Regions	US$ 12.4	US$ 21.9	N/A
MOU	92.3	105.3	90.6
Moscow	93.6	106.1	N/A
Regions	84.7	85.5	N/A

The decline in MOU in the Moscow license area during the periods indicated above was primarily attributable to an increase in the number of our mass market subscribers as a proportion of the total number of our subscribers, as mass market subscribers generate lower MOU than other subscribers. In the future, we expect that both in the Moscow license area and in the regions, MOU will decrease further and then stabilize, as has been the case in other cellular markets. Because the Moscow market is beginning to mature, with penetration rates approaching 45% as of December 31, 2002, we expect MOU to begin to stabilize in the Moscow license area before it begins to stabilize in the regions, where penetration rates are currently much lower.

In 2002, 2001 and 2000, we reduced our tariffs in response to increased competition. With reduced tariffs in Moscow and certain regions, we attracted proportionately more mass market subscribers, who typically generate lower ARPU. In addition, our subscriber growth in the regions has led to an increase in the number of mass market subscribers as a percentage of our total subscribers. These factors contributed to the decline in ARPU in 2002 compared to 2001. We expect that these trends will continue and, in turn, ARPU will continue to decline.

Revenues

We generate our revenues from providing wireless telecommunications services and selling handsets and accessories. Our primary sources of revenues consist of:

Service revenues

Our service revenues include airtime charges from contract and prepaid subscribers, monthly contract fees, roaming charges and charges for value added services such as SMS, call number identification, voice mail and call waiting. Connection fees are one time charges for the allocation of a telephone number. In the past, connection fees were a notable component of our service revenues. However, in response to competitive factors, we have reduced or eliminated most connection fees in the Moscow license area and the majority of the regions in which we operate. We expect that connection fees are not likely to be significant going forward. Service revenues and connection fees constituted approximately 94.7%, 90.7% and 92.0% of our net operating revenues for 2002, 2001 and 2000 respectively. We believe that service revenues will continue to increase in 2003 primarily as a result of the continued growth in our subscriber base. We also expect that our service revenues will continue to grow at a faster rate in the regions than in the Moscow license area.

During 2002, our roaming revenues generated by our subscribers increased 86.9% to US$58.3 million compared to US$31.2 million in 2001, and our roaming revenues received from other wireless services operators for providing roaming services to their subscribers increased 19.1% to US$55.4 million compared to US$46.5 million in 2001. These increases were primarily due to improved and expanded network coverage and an increase in the number of our roaming partners. However, in 2002 our service revenues grew at a higher rate than our roaming revenues. As a result, our roaming revenues as a percentage of our net operating revenues decreased from 18.4% in 2001 to 14.8% in 2002. Over the next several years, we expect our roaming revenues from wireless users routing through the Moscow license area, which currently makes up the substantial percentage of our roaming revenues, to stabilize.

During 2002, in the Moscow license area we generated US$53.8 million of revenue from value added services, a 258.7% increase from US$15.0 million in 2001. Value added services include SMS, caller number identification, voice mail, call waiting and data transmission. In the regions, we did not account for value added services separately, as revenue from value added services in the regions was insignificant. Over the next several years, we expect that value added services will increase as a percentage of our net operating revenues in both the Moscow license area and the regions.

Sales of handsets and accessories.

We sell wireless handsets and accessories to our subscribers for use on our networks. Sales of handsets and accessories constituted approximately 6.5%, 10.2% and 11.7% of our net operating revenues in 2002, 2001 and 2000 respectively. We expect revenues from sales of handsets and accessories to remain stable over the next several years.

Expenses

We have two categories of expenses directly attributable to our revenues: service costs and the costs of handsets and accessories.

Service Costs

Service costs include interconnection and traffic costs, channel rental costs, telephone line rental costs, roaming expenses and charges for connection to special lines such as 911. An increasing number of our subscribers are using 10 digit federal telephone numbers, which creates a cost advantage for us. In 1998, we began offering our subscribers in the Moscow license area the option of receiving a 10 digit federal telephone number as an alternative to receiving a more expensive, local Moscow telephone number. Our costs for the use of seven-digit Moscow telephone numbers consist of a flat monthly line rental fee and a usage fee based on traffic. In contrast, for the use of federal telephone numbers, we currently pay a much lower usage fee based on traffic and we do not pay a monthly line rental fee, resulting in significantly lower service costs with respect to our subscribers using federal telephone numbers. Due in part to the higher proportion of our subscribers using federal telephone numbers, our service costs per subscriber decreased and our service margin as a percentage of our service revenues improved to 84.7% in 2002 from 80.7% in 2001 and 75.7% in 2000. Service margin represents the aggregate of service revenues and connection fees less service costs. We expect that competitive pressures and new technologies may reduce certain service costs over the next several years, most likely including transport, interconnection and other traffic costs, although there is a risk that charges for federal numbers may increase.

Costs of Handsets and Accessories

Our costs of handsets and accessories sold represent the amount that we pay for this equipment. We purchase handsets and accessories from third party manufacturers for resale to our subscribers for use on our networks. In 2000, we subsidized sales of handsets and accessories in order to encourage the use of our networks. In 2000, these subsidies amounted to US$1.9 million, or 5.6% of the cost of these handsets and accessories. In 2002 and 2001, we recorded profits from the sale of handsets and accessories of US$8.3 million and US$5.9 million, respectively. Subsidies or profits from the sale of handsets and accessories are calculated as the difference between the revenues generated from the sale and the costs of the handsets and accessories sold.

Operating Expenses

In addition to service costs and the costs of handsets and accessories, our operating expenses include:

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

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

Marketing and sales-related expenses comprise a large portion of our selling, general and administrative expenses and consist primarily of dealers' commissions, salaries and outsourcing costs and advertising expenses. Acquisition cost per subscriber, or SAC, is calculated as dealers' commissions, advertising expenses and handset subsidies for the relevant period divided by the number of new subscribers connected to our networks during the period.

In 2002, our SAC fell to US$25.70 from US$37.60 in 2001, primarily due to a decrease in the average dealer commission per new subscriber in the first half of 2002 and a decrease in the amount spent on advertising per new subscriber. SAC also decreased in 2002 because a growing percentage of our new subscribers were located in the regions, where SAC is lower than in the Moscow license area. During 2000 and 2001, we made certain improvements in our distribution network and increased the number of our sales offices and points of sale. In the first quarter of 2001, we acquired the "Mobile Center" dealer network, one of the largest retail dealer networks in Moscow, for approximately US$3.2 million. This acquisition added 12 additional sales offices to our distribution network. In 2002, Mobile Center added nine new offices and as of December 31, 2002, our Mobile Center dealer network consisted of 28 sales offices.

Depreciation and amortization expense. We depreciate the capitalized costs of our tangible assets, which consist mainly of equipment and buildings owned by us. In addition, we historically have amortized our intangible assets, which consist primarily of telecommunications licenses and frequency allocations under certain of our GSM license amendments, purchases of telephone line capacity for local numbers in Moscow and the regions, and goodwill. Effective January 1, 2002, goodwill is no longer being amortized and is subject to an annual impairment test. See "– Recent Accounting Pronouncements" below. Intangible assets constituted 8.5% of our total assets and 21.7% of our shareholders' equity as of December 31, 2002. In contrast to Moscow telephone numbers, we currently do not have to purchase telephone line capacity for federal telephone numbers. In the future, we expect that an increasing portion of our subscriber base will use federal numbers. Consequently, we do not expect to experience an increased amortization expense for telephone line capacity purchases despite the anticipated growth in our subscriber base. Our total capital investments for 2001 were approximately US$255.0 million, with $248.2 million of capital expenditures for the purchase of property and equipment and US$6.8 million for the acquisition of new entities (net of cash holdings of acquired companies). Our total capital investments for 2002 were approximately US$578.3 million, with US$509.1 million for the purchase of property and US$69.2 million for the acquisition of new entities (net of cash holdings of acquired companies). Our increased capital expenditures caused our total depreciation and amortization expenses to increase by 58.9% in 2002 compared to 2001 and by 2.1% in 2001 compared to 2000. Over the next several years, we expect to continue making significant capital expenditures as we expand our regional networks, which will increase our future depreciation and amortization expense.

Impairment Charges. Based upon a comprehensive review of long-lived assets, we determined that as of December 31, 2000, our telecommunications D-AMPS network equipment in the Moscow license area and certain of our software licenses from the vendor of the equipment were impaired. The impairment was in large part due to the fast pace of our GSM network expansion and the faster than anticipated rate of migration of our customers from our D-AMPS network to our GSM network. This migration started in the second half of 2000. Accordingly, revised revenue forecasts for our D-AMPS network for the coming years are based on a lower number of subscribers. The estimate of the fair value of our D-AMPS assets was based on the present value of expected future cash flows using a discount rate of 20%. We recorded an impairment charge of US$66.5 million (US$43.2 million net of related tax adjustments), including US$61.0 million in respect of equipment and US$5.5 million in respect of licenses classified as intangible assets on our consolidated balance sheets. The amount of the impairment charge represented the difference between the net book value of our D-AMPS assets and their fair value, determined as mentioned above.

Provision for doubtful accounts. We include in our operating expenses an estimate of the amount of our accounts receivable that we believe will ultimately be uncollectible. We base the estimate on historical data and other relevant factors, such as the financial condition of the economy as a whole. Looking forward, over the next several years, we expect our provision for doubtful accounts to continue to decrease as a percentage of net operating revenues due to an anticipated increase in the number of prepaid subscribers. In addition, we are continually reviewing our collection practices to identify ways to improve how we monitor and collect accounts receivable.

Interest expense.

We incur interest expense on our vendor financing agreements, loans from banks, the loan from J.P. Morgan, the convertible notes, capital leases and other borrowings. Our interest-bearing liabilities carry both fixed and floating interest rates. On most of our borrowings with a floating interest rate, the interest rate is linked either to LIBOR or to EURIBOR. In 2002, our interest expense amounted to US$46.6 million, or 6.1% of net operating revenue, a 73.2% increase compared to US$26.9 million in 2001.

Income tax expense.

The Russian Federation was the only tax jurisdiction in which our income was subject to taxation. On August 6, 2001, a law was signed which introduced certain changes in Russian tax legislation reducing the statutory income tax rate from 35% to 24% effective January 1, 2002. Income tax expense includes both current and deferred tax expense. In 2002, we incurred US$49.9 million of income tax expense, a 169.7% increase compared to US$18.5 million in 2001. This increase was primarily due to the increase in our taxable income. Russia's federal and local tax laws and regulations are subject to frequent change, varying interpretations and inconsistent enforcement.

Results of Operations

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

	Years Ended December 31,		
	2002	2001	2000
Consolidated statement of operations data			
Operating revenues:			
Service revenues and connection fees	94.7%	90.7%	92.0%
Sales of handsets and accessories	6.5	10.2	11.7
Other revenues	0.3	0.4	0.5
Total operating revenues	101.5	101.3	104.2
Less revenue-based taxes	(1.5)	(1.3)	(4.2)
Net operating revenues	100.0%	100.0%	100.0%
Operating expenses:			
Service costs	14.5	17.5	22.4
Cost of handsets and accessories sold	5.4	8.9	12.4
Cost of other revenues	—	—	0.1
Selling, general and administrative expenses	35.4	35.3	39.6
Depreciation and amortization	12.7	14.5	21.9
Impairment of long-lived assets	—	—	24.2
Provision for doubtful accounts	2.7	3.2	6.6
Total operating expenses	70.7	79.4	127.2
Operating income (loss)	29.3%	20.6%	(27.2)%
Other income and expenses:			
Interest income	0.9	1.4	1.5
Other income (expense)	0.2	(0.1)	0.8
Gain (loss) on trading securities	—	0.1	—
Interest expense	(6.1)	(6.4)	(7.7)
Net foreign exchange loss	(1.2)	—	(1.0)
Total other income and expenses	(6.2)	(5.0)	(6.4)
Income (loss) before income taxes and minority interest	23.1%	15.6	(33.6)
Income tax expense (benefit)	6.4	4.4	(5.2)
Minority interest in net losses of subsidiaries	(0.2)	—	—
Net income (loss)	16.9%	11.2%	(28.4)%

The regions outside of the Moscow license area were identified as a reportable segment in the year ended December 31, 2001 in accordance with the quantitative thresholds established in U.S. Statement of Financial Accounting Standard, or SFAS, No. 131, "Disclosures About Segments of an Enterprise and Related Information." In the discussion below, financial information by reportable segment for the year ended December 31, 2000 is only given for comparative purposes. For more information on our reportable segments, please see Note 22 to the consolidated financial statements included in this Annual Report on Form 20-F.

The table below provides information about the results of our two reportable segments for the year ended December 31, 2002 compared to the year ended December 31, 2001. In the year ended December 31, 2000, our operations in the regions outside of the Moscow license area were not significant. Accordingly, we do not present in this table a segment comparison of our results in 2001 compared to 2000.

	Moscow License Area			Regions		
	(in millions of US dollars, except % change)					
	2002	2001	% change	2002	2001	% change
Total operating revenues excluding intragroup transactions	698.7	416.9	67.6	81.0	11.0	636.4
Depreciation and amortization	86.4	59.3	45.7	11.3	2.1	438.1
Operating income (loss)	238.5	94.4	152.6	(12.9)	(6.7)	92.5
Income/(loss) before income taxes and minority interest	199.8	73.3	172.6	(22.0)	(7.1)	209.9
Income tax expense	49.1	18.6	164.0	0.8	(0.1)	N/A
Net income (loss)	150.6	55.0	173.8	(23.2)	(7.0)	231.4

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Operating Revenues

Our total operating revenues, net of revenue-based taxes, increased by 81.9% to US$768.5 million in 2002 from US$422.6 million in 2001. Our total operating revenues increased by 82.2% to US$779.6 million in 2002 from US$427.9 million in 2001. Total operating revenues from our Moscow license area operations increased by 67.6% to US$698.7 million in 2002 from US$416.9 million in 2001. Total operating revenues from our operations in the regions increased by 636.4% to US$81.0 million in 2002 from US$11.0 million in 2001. Revenues from our Moscow license area operations constituted 89.6% of our total operating revenues in 2002 compared to 97.4% in 2001. Revenue growth was primarily due to the overall increase in the number of our subscribers, an increase in our revenues from value added services and an increase in our roaming revenues. Our increase in roaming revenues was primarily due to the improved and expanded roaming coverage and a greater number of roaming partners.

Service revenues and connection fees increased by 89.9% to US$727.9 million in 2002 from US$383.3 million in 2001. Revenues from sales of handsets and accessories in 2002 increased 15.5% to US$49.9 million in 2002 from US$43.2 million in 2001, primarily due to the increase in the number of our subscribers. As a percentage of net operating revenues, revenues from sales of handsets and accessories decreased to 6.5% in 2002 from 10.2% in 2001, as our service revenues increased at a faster rate than our revenues from sales of handsets and accessories.

Operating Expenses

Service costs. Our service costs increased approximately 50.3% to US$111.4 million in 2002 from US$74.1 million in 2001. Our service costs grew at a slower rate than net operating revenues, which led to an improvement in our gross margin percentage from 73.6% in 2001 to 80.1% in 2002. Gross margin is defined as net operating revenues less selected operating costs (specifically, service costs, costs of handsets and accessories sold and costs of other revenues). Gross margin percentage is defined as gross margin expressed as a percentage of net operating revenues.

The slower growth in service costs relative to net operating revenues was primarily due to improved interconnect agreements with telephone line providers and in part to the increased use of federal numbers by our subscribers in the Moscow license area and the regions. We pay no monthly rental fee and incur much lower interconnection costs for federal telephone numbers as compared to local telephone numbers. As a percentage of net operating revenues, our service costs decreased to 14.5% in 2002 from 17.5% in 2001.

Cost of handsets and accessories sold. Our cost of handsets and accessories sold increased by 11.2% to US$41.7 million in 2002 from US$37.5 million in 2001. This increase was primarily due to the increased volume of sales of handsets and SIM cards.

Selling, general and administrative expenses. Our selling, general and administrative expenses increased 82.4% to US$272.0 million in 2002 from US$149.1 million in 2001. The increase in selling, general and administrative expenses resulted from increased aggregate subscriber acquisition costs and general and administrative expenses related to our regional expansion, including the integration of companies acquired in 2002, which was partially offset by decreases in dealer commissions and our advertising expenses per subscriber. At the same time, our SAC decreased from US$37.60 in 2001 to US$25.70 in 2002, primarily due to a decrease in average dealer commission per new subscriber in the first half of 2002, a decrease in the amount spent on advertising per new subscriber and because a growing percentage of our new subscribers were located in the regions, where SAC is lower than in the Moscow license area. As a percentage of net operating revenues, our selling, general and administrative expenses were 35.4% in 2002, substantially unchanged from 35.3% in 2001. As a percentage of our selling, general and administrative expenses, aggregate subscriber acquisition costs decreased to 36.8% in 2002 from 38.5% in 2001.

Depreciation and amortization expense. Depreciation and amortization expense in 2002 was US$97.4 million, a 58.9% increase compared to the US$61.3 million reported in 2001. In 2002, depreciation and amortization expense for our Moscow license area operations increased by 45.7% to US$86.4 million, compared to US$59.3 million in 2001, while depreciation and amortization expense for our regional operations increased by 438.1% to US$11.3 million, compared to US$2.1 million in 2001. The total increase in depreciation and amortization expense was due to the accelerated capital expenditures in the regions and continued investment in the Moscow license area.

Provision for doubtful accounts. Our provision for doubtful accounts increased 58.2% to US$21.2 million in 2002 from US$13.4 million in 2001. This increase was primarily a result of our revenue growth. As a percentage of net operating revenues, provision for doubtful accounts decreased from 3.2% in 2001 to 2.7% in 2002. The decrease was primarily due to an increase in the number of prepaid subscribers, improved risk management practices and improved cash collection procedures.

Operating Income/Loss

Primarily as a result of the foregoing, our operating income was US$224.8 million in 2002, compared to US$87.2 million in 2001. In 2002, our Moscow license area operating income grew by 152.6% to US$238.5 million compared to US$94.4 million in 2001, which was primarily attributable to the growth of our Moscow subscriber base and our cost management efforts. Our operating loss from regional operations increased by 92.5% to US$12.9 million compared to our operating loss of US$6.7 million in 2001, which was primarily attributable to expenses connected with the greenfield development of our regional networks and the low number of subscribers during the initial stage of development of our business in the regions. The primarily greenfield development of our regional networks requires us to have significant infrastructure in place prior to offering services to, and thus receiving revenue from, our regional subscribers. This accelerated development of our infrastructure in the regions in 2002 has resulted in a significant increase in our capital expenditures and, consequently, depreciation and amortization expenses, as well as our selling, general and administrative expenses. Over the next several years, we anticipate that our revenues in the regions will grow relative to our regional operating expenses as we continue to roll-out operations and grow our subscriber base.

Other Income and Expenses

Interest expense. Our interest expense increased 73.2% to US$46.6 million in 2002, compared to US$26.9 million in 2001. This increase was due to an increase in our interest bearing debt, primarily the 2002 loan from J.P. Morgan, certain vendor financing and bank credit lines from US$276.0 million at the end of 2001 to US$648.1 million at the end of 2002.

Foreign currency exchange loss and gain on Russian securities. We recorded a US$9.4 million foreign currency exchange loss in 2002 as compared to a foreign currency exchange loss of US$0.1 million in 2001. The devaluation of the U.S. dollar against the Euro in 2002 resulted in a foreign exchange loss from a corresponding revaluation of our Euro-denominated liabilities to our suppliers of telecommunications equipment. In order to reduce our Euro-U.S. dollar currency exposure, in August 2002 we entered into a series of currency forward agreements to acquire approximately €89.9 million at a fixed Euro to U.S. dollar exchange rate. As of December 31, 2002, substantially all of our Euro-denominated liabilities that were not covered by these forward agreements were covered by our cash holdings, denominated in Euros, in the approximate amount of €38.8 million. We recorded a US$0.04 million gain in 2002 from the sale of Russian securities as compared to a US$0.42 million gain in 2001.

Income tax expense. In 2002, we recorded a US$49.9 million income tax expense compared to an income tax expense of US$18.5 million recorded in 2001. This income tax expense consisted of current and deferred taxes. Deferred taxes arose due to differences between the basis of computing income under Russian tax principles and U.S. GAAP. In 2002, our income tax expense grew as our taxable income increased.

Net income and net income per share. In 2002, our net income was approximately US$129.6 million, or US$3.41 per common share (US$2.56 per ADS), compared to a net income of approximately US$47.3 million, or US$1.41 per common share (US$1.06 per ADS) in 2001. In 2002, we reported diluted net income of US$2.91 per common share (US$2.18 per ADS), compared to diluted net income of US$1.18 per common share (US$0.89 per ADS) in 2001. In 2002, before eliminating intersegment transactions, net income for our Moscow license area operations was US$150.6 million, compared to US$55.0 million in 2001. Net loss in the regions for 2002 amounted to US$23.2 million before eliminating intersegment transactions, compared to US$7.0 million in 2001.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Operating Revenues

Our total operating revenues, net of revenue-based taxes, increased by 54.2% to US$422.6 million in 2001 from US$274.1 million in 2000. Our total operating revenues increased by 49.8% to US$427.9 million in 2001 from US$285.7 million in 2000. Total operating revenues from our Moscow license area operations increased by 46.1% to US$416.9 million in 2001 from US$285.4 million in 2000. Total operating revenues from our operations in the regions increased by 5,400.0% to US$11.0 million in 2001 from US$0.2 million in 2000. Revenues from our Moscow license area operations constituted 97.4% of our total operating revenues in 2001 and 99.9% of our total operating revenues in 2000. Revenue growth was primarily due to the overall increase in the number of our subscribers and an increase in roaming revenues.

Service revenues and connection fees increased by 51.9% to US$383.3 million in 2001 from US$252.3 million in 2000. Our revenue-based taxes decreased in 2001 as a result of changes in Russian legislation that reduced the rate of revenue-based taxes from 4% to 1% effective January 1, 2001. Gross revenues from sales of handsets and accessories in 2001 increased 35.0% to US$43.2 million from US$32.0 million in 2000, primarily due to an increased number of sales offices following our acquisition of MSS-Start and an increase in sale of SIM cards. As a percentage of net operating revenues, sales of handsets and accessories decreased to 10.2% in 2001 from 11.7% in 2000, as our service revenues increased at a faster rate than our revenues from sales of handsets and accessories.

Operating Expenses

Service costs. Our service costs increased approximately 20.9% to US$74.1 million in 2001 from US$61.3 million in 2000. Our service costs grew at a slower rate than revenues, which led to an improvement in our gross margin from 65.2% in 2000 to 73.6% in 2001. Gross margin is defined as net operating revenues less selected operating costs (specifically, service costs, costs of handsets and accessories sold and costs of other revenues). Gross margin percentage is gross margin expressed as a percentage of net operating revenues. The slower growth in service costs was primarily due to more efficient cost controls and improved interconnect agreements with telephone line providers. As a percentage of net operating revenues, our service costs decreased to 17.5% in 2001 from 22.4% in 2000. This was due in part to the increased use of federal numbers by our subscribers. We pay no monthly rental fee and incur much lower interconnection costs for federal telephone numbers as compared to local Moscow telephone numbers.

Cost of handsets and accessories sold. Our cost of handsets and accessories sold increased by 10.3% to US$37.5 million in 2001 from US$34.0 million in 2000. This increase was primarily due to the acquisition of MSS-Start and the consolidation of its operations in our 2001 financial results, as well as to increased sales of SIM cards.

Selling, general and administrative expenses. Our selling, general and administrative expenses increased 37.4% to US$149.1 million in 2001 from US$108.5 million in 2000. This increase was primarily due to increased aggregate subscriber acquisition costs. As a percentage of net operating revenues, our selling, general and administrative expenses decreased to 35.3% in 2001 from 39.6% in 2000, which was primarily a result of increased productivity and a decrease in average subscriber acquisition costs to US$37.6 in 2001 from US$74 in 2000.

Depreciation and amortization. Depreciation and amortization expense in 2001 was approximately US$61.3 million, a 2.2% increase compared to the US$60.0 million reported in 2000, not including the one-time write-down of our AMPS/D-AMPS-related assets in the fourth quarter of 2000. The increase in the depreciation and amortization expense was due to our continuing capital investments.

Provision for doubtful accounts. Our provision for doubtful accounts decreased 26.0% to US$13.4 million in 2001 from US$18.1 million in 2000. This decrease was primarily a result of the improved quality of our subscriber base and an increase in prepaid subscribers, improved risk management practices and improved cash collection procedures.

Operating Income/Loss

Primarily as a result of the foregoing, our operating income was US$87.2 million in 2001, compared to an operating loss of US$74.5 million recognized in 2000. The operating loss in 2000 includes the one-time write-down of AMPS/D-AMPS-related assets in the fourth quarter of 2000 in the amount of US$66.5 million.

Other Income and Expenses

Interest expense. Our interest expense increased 27.5% to US$26.9 million in 2001 as compared to US$21.1 million in 2000. This increase was primarily due to interest payable on our outstanding convertible notes issued in July 2000.

Foreign currency exchange loss and gain on Russian securities. We recorded a US$0.1 million foreign currency exchange loss in 2001 as compared to a foreign currency exchange loss of US$2.7 million in 2000. We recorded a US$0.42 million gain in 2001 from Russian securities as compared to a loss of US$0.04 million in 2000.

Income tax expense. In 2001, we recorded an US$18.5 million income tax expense compared to an income tax benefit of US$14.3 million recorded in 2000. This income tax benefit consisted of current and deferred taxes. Deferred taxes arose due to differences between the basis of computing income under Russian tax principles and U.S. GAAP. As a result of changes in the law on taxation enacted in August 2001, our income tax rate decreased from 35% to 24% effective January 1, 2002. This reduction in our income tax rate resulted in a deferred tax benefit of approximately US$5.8 million in 2001.

Net income and net income per share. In 2001, our net income was approximately US$47.3 million, or a net income of US$1.41 per common share (US$1.06 per ADS), compared to a net loss of approximately US$77.8 million, or a loss of US$2.57 per common share (US$1.93 per ADS) in 2000. In 2001, we reported diluted net income of US$1.18 per common share (US$0.89 per ADS). In 2001, before eliminating intersegment transactions, net income for our Moscow license area operations was US$55.0 million, compared to a net loss of US$77.0 million in 2000. We reported a net loss in the regions of US$7.0 million in 2001 and US$2.1 million in 2000 before eliminating intersegment transactions.

Liquidity and Capital Resources

Consolidated Cash Flow Summary

	Years Ended December 31,		
	2002	2001	2000
Net cash flow provided by operating activities	221.7	101.1	8.6
Net cash flow provided by financing activities	294.5	53.9	193.2
Net cash flow used in investing activities	(401.9)	(161.7)	(84.8)

During 2002, 2001 and 2000 we generated positive cash flows from our operating and financing activities and negative cash flows from investing activities. In the foreseeable future, our expansion will require significant investment activity, including the acquisition of network equipment and possibly the acquisition of other companies. We expect this investment activity to generate cash outflows, which will be financed from internal and external sources. As our subscriber base grows, we expect positive cash flows from operations to 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, the financial position of vendors and Russian banks, the willingness of international banks to lend to Russian companies and the liquidity of international and Russian capital markets. Historically, a large portion of our external financing needs were satisfied by vendor financing and financing through the international capital markets. However, in light of current market conditions, we expect vendor financing to be a smaller percentage of our external financing, and financing through international and Russian capital markets to be a larger percentage. To meet our projected capital requirements through 2004, we will need to raise approximately US$350 million in additional debt financing in the Russian and/or international capital markets.

As of December 31, 2002, our cash and cash equivalents balance was US$263.7 million (substantially held in U.S. dollars, rubles and Euros) and our working capital was US$69.6 million compared to our cash and cash equivalents balance of US$144.2 million and our working capital of US$52.1 million as of December 31, 2001. Working capital is defined as current assets less current liabilities. The increase in our working capital during 2002 was primarily due to an increase in our cash and cash equivalents and other current assets, offset by an increase in the current portion of interest-bearing liabilities, accounts payable, accrued liabilities and customer deposits and advances. The decrease in our working capital during 2001 from US$122.3 million as of December 31, 2000 was primarily due to increases in subscriber deposits, accounts payable and short-term portions of bank loans and equipment financing obligations. We believe that our working capital is sufficient for our present requirements.

Operating activities

In 2002, net cash provided by operating activities was US$221.7 million, a 119.3% improvement from US$101.1 million of net cash provided by operating activities in 2001. This improvement was primarily due to the increased profitability of our operations and the increase in the volume of operations, which, in turn, was primarily the result of an increase in the number of subscribers in 2002 compared to 2001. In 2001, net cash provided by operating activities was US$101.1 million, a significant improvement from net cash provided by operating activities in 2000 of US$8.6 million. This improvement was primarily due to the increased profitability of our operations in 2001 compared to 2000 and the increase in the volume of operations, which, in turn, was primarily the result of an increase in the number of subscribers in 2001 compared to 2000.

Financing activities

The following table provides a summary of the outstanding material indebtedness of our company and our significant subsidiaries as of December 31, 2002. For additional information on this indebtedness, please refer to the discussion below, as well as to the notes to our consolidated financial statements contained elsewhere in this Annual Report on Form 20-F. For a description of some of the risks associated with certain of this indebtedness, please refer to the section of this Annual Report on Form 20-F entitled "Item 3 – Key Information – D. Risk Factors."

Borrower	Type of debt	Interest rate	Outstanding debt (in millions)	Maturity date	Guarantee	Security
VimpelCom-Region	Loan from Sberbank	13%	US$39.4	August 27, 2007	VimpelCom (up to US$50.0)	Equipment and promissory notes
VimpelCom-Region	Promissory Notes issued to Technoserv	Discount with effective interest of 10%	US$11.0 (€6.6 and US$4.1)	Various dates through 2006	None	None
KB Impuls	Equipment financing obligations to Alcatel	Six-month EURIBOR + 3.5% and six-month EURIBOR plus 2.9% and six-month LIBOR+4%	US$121.7 (€106.3 and US$11.1)	Various dates through 2005	VimpelCom	Network equipment
VimpelCom	Promissory Notes issued to General DataCom	LIBOR+2%	US$6.3	Various dates through 2005	None	None
VimpelCom	Promissory Notes issued to Technoserv	Discount with effective interest of 10%	US$4.0 (€2.7 and US$1.2)	Various dates through 2005	None	None
VimpelCom-Region	Equipment financing obligations to Alcatel	Six-month EURIBOR + 2.9%,	US$14.4 (€13.8)	Various dates through December 27, 2005	VimpelCom	Network equipment
VimpelCom B.V.	Convertible notes	11%	US$85.9	July 28, 2005	VimpelCom	None
VimpelCom	Loan from J.P. Morgan AG	10.45%	US$250.0	April 26, 2005	None	None
VimpelCom subsidiaries	Equipment financing obligations and capital lease	8.33% to 26% for ruble-denominated indebtedness and 7.5% to 15% for U.S. dollar-denominated indebtedness	US$9.5	Various dates from January 2003 to January 2005	None	Network equipment
VimpelCom	Loan from Sberbank	11.5%	US$50.1	April 28, 2004	None	Common stock of certain subsidiaries, equipment, buildings and our promissory notes
Cellular Company	Capital lease obligations to Motorola	LIBOR plus 4%	US$3.2	Various dates from 1999 to 2003	None	One lease agreement secured by Sberbank letter of credit
VimpelCom-Region	Equipment financing obligations to Alcatel	Three-month EURIBOR plus 5% and three-month LIBOR + 5%	US$9.5 (€8.1 and US$1.1)	June 25, 2003	None	Network equipment
VimpelCom-Region	Equipment financing obligations to Ericsson	LIBOR plus 5%	US$45.6	June 20, 2003	None	Network equipment

2000. In 2000, we entered into three key financing transactions to finance our scheduled capital expenditures.

In April 2000, Sberbank provided us with a four-year secured credit line. We have drawn down the entire credit line in the amount of US$66.8 million, and the balance due under the credit line was approximately US$50.1 million as of December 31, 2002. The credit line currently bears interest at a rate of 11.5% per annum, which may change upon the occurrence of certain events, such as a change in Russian law or increased costs of Sberbank to provide this credit line. Amounts outstanding under the credit line are to be repaid in eight equal quarterly installments of US$8.35 million. To date, we have made the first four of these installments. The final installment is due in April 2004. The credit line is currently secured by pledges of:

- 100% of the shares of common stock of our subsidiary MSS-Start and 50% of the shares of common stock of our subsidiary Bee Line Samara;
- certain of our GSM and D-AMPS network equipment, GPRS equipment and equipment used in our fiber optic network;
- certain buildings in Moscow owned by our company and our subsidiaries, including buildings that we use as an administrative and sales office, as a warehouse and operating facility and to house the main switches for our Moscow GSM networks; and

- certain of our company's promissory notes.

This credit arrangement with Sberbank is subject to certain restrictive covenants that, among other things, limit bank borrowings by our company and certain of our subsidiaries (excluding VimpelCom-Region). These covenants also require that 60% of our company's aggregate credit turnover (as defined in the relevant documentation) be through Sberbank. This 60% figure is reduced pro rata as we repay the loan.

In July 2000, we completed the public offering of 4,858,233 ADSs (representing 3,643,675 shares of our common stock) that raised US$79.4 million of net proceeds. At the same time, we completed a public offering of the convertible notes that raised US$70.3 million (net of cost of issuance). Unless previously converted, the convertible notes will mature on July 28, 2005. Holders of the convertible notes have been able to convert the notes into ADSs since September 28, 2000 at the conversion price of US$27.0312 per ADS, subject to certain adjustments. We pay cash interest on the convertible notes at the rate of 5.5% per annum and interest payments are made semi-annually on January 28 and July 28 of each year. Unless previously converted or redeemed, we will repay the convertible notes at 135.41% of their principal amount, which represents a yield to maturity of 11% compounded on a semi-annual basis. The convertible notes were issued by VimpelCom B.V., a wholly-owned subsidiary of VimpelCom Finance B.V., which is a wholly-owned subsidiary of our company. We irrevocably, fully and unconditionally guaranteed VimpelCom B.V.'s obligations under the convertible notes, including the performance by VimpelCom B.V. of its conversion obligation.

Concurrent with the offerings made in July 2000, in a private transaction, Telenor purchased 2,400,532 ADSs at the public offering price for US$51.9 million. Prior to this purchase, in June 2000, we entered into a US$50 million working capital bridge facility with Telenor and drew down the full amount of the facility. We repaid the total amount of borrowings plus accrued interest of US$0.3 million and structuring and facility fees of US$0.8 million in July 2000.

2001. In 2001, we completed a transaction with Alfa Group to fund our regional expansion. Specifically, on November 5, 2001, Alfa Group completed the purchase of 5,150,000 newly-issued shares of our common stock for US$103 million. Pursuant to the terms of the transaction agreements, which were signed on May 30, 2001, we contributed this US$103 million (together with an additional US$15.64 million of our own funds, at the exchange rate as of the date of contribution) as equity to VimpelCom-Region, representing the first of three tranches of equity investments in which VimpelCom-Region will raise US$337 million. In addition to a purchase of shares from another shareholder, in order to maintain its percentage ownership interest in our company, Telenor purchased 3,744 shares of our common stock that we were holding as treasury shares for a purchase price of approximately US$74,880. Alfa Group recently reported that it owned 25% plus two shares of our voting capital stock and Telenor recently reported that it owned 25% plus 13 shares of our voting capital stock.

2002. In 2002, we entered into three key financing transactions to finance our scheduled capital expenditures, including capital expenditures in the regions.

In April 2002, J.P. Morgan completed an offering of 10.45% Loan Participation Notes due 2005 for the sole purpose of funding a US$250 million loan to our company. The Loan Participation Notes are listed on the Luxembourg Stock Exchange and are without recourse to J.P. Morgan. The loan and the Loan Participation Notes will mature in April 2005. Interest on the loan and the Loan Participation Notes is payable semi-annually at a rate of 10.45% per annum. The loan agreement contains certain covenants that, among other things, limit our ability to incur liens (with certain exceptions) and restrict our ability to make certain payments, including dividends, payments for certain shares of stock, payments of subordinated indebtedness of our company and certain investments (with certain exceptions). In addition, these covenants limit our ability to enter into transactions with affiliates and to effect a merger of our company with other entities.

In November 2002, we completed the second tranche of equity investments in VimpelCom-Region when Alfa Group, Telenor and our company each purchased 1,462 newly-issued shares of common stock for consideration of US$58.48 million each. In addition, the preferred stock beneficially owned by Alfa Group was redistributed among Alfa Group, our company and Telenor so that each party owns the same percentage of the voting capital stock of VimpelCom-Region that each would have owned had the preferred stock not been issued to Alfa Group. Following the completion of the second tranche of equity investments in VimpelCom-Region and the redistribution of the preferred stock, we owned approximately 65% of the outstanding voting capital stock of VimpelCom-Region, while Alfa Group and Telenor each owned approximately 17.5% of the outstanding voting capital stock of VimpelCom-Region. The capital contributions of Alfa Group and Telenor each exceeded their respective share of net assets of VimpelCom-Region by US$23.1 million. This gain on the sale of newly-issued shares of common stock of VimpelCom-Region was included in our consolidated additional paid-in capital. In addition, the capital contributions of Alfa Group and Telenor resulted in an increased minority interest in net losses of VimpelCom-Region for the period after the date of the capital contributions. We expect that the third tranche of equity investments in VimpelCom-Region, currently scheduled for November 2003, will result in a further increase in our consolidated additional paid-in capital.

In December 2002, Sberbank provided VimpelCom-Region with a five-year U.S. dollar-denominated secured credit line of US$70 million. In 2002, VimpelCom-Region drew down US$39.4 million of the credit line and, as of March 27, 2003, VimpelCom-Region had drawn down the full amount of the credit line. The credit line currently bears interest at a rate of 13% per annum, which may change upon the occurrence of certain events, such as a change in Russian law or a change in the interest rate of the Central Bank of Russia. The credit line will be repaid on a quarterly basis commencing in November 2004. The last repayment is scheduled for August 2007. The credit line is currently secured by:

- a guarantee from our company for US$50.0 million;
- a pledge of a portion of VimpelCom-Region's GSM network equipment; and
- a pledge of certain of VimpelCom-Region's promissory notes.

VimpelCom-Region's credit line with Sberbank contains certain restrictive covenants that, among other things, limits bank borrowings by VimpelCom-Region and certain of its subsidiaries and requires that 60% of VimpelCom-Region's aggregate credit turnover (as defined in the relevant documentation) be through Sberbank. This 60% figure will be reduced pro rata as we repay the loan.

In 2001 and 2002, VimpelCom-Region acquired a controlling interest in several wireless telecommunication companies in the Russian Federation, details of which appear below in "– Investing activities". As of December 31, 2002, indebtedness of these subsidiaries in the amount of US$4.7 million was included in our consolidated financial statements, representing loans from telecommunications equipment vendors, loans from commercial banks and other indebtedness. One example of this is Cellular Company's $3.2 million of outstanding indebtedness to Motorola as of December 31, 2002 under lease agreements for network equipment. Of this principal indebtedness, approximately US$308,000 under a 1999 lease agreement is due in monthly installments in 2003. This indebtedness accrues interest at an annual rate of LIBOR plus 4%. Cellular Company has been unable to make payments under a 1996 lease agreement following Motorola's transfer in 1998 of the outstanding indebtedness to a third party located outside of the Russian Federation. The third party has not produced documents to the Central Bank of Russia providing legal title to the payments. Receipt by the Central Bank of Russia of such documents is necessary in order for Cellular Company to make payments to a foreign legal entity. As of December 31, 2002, the outstanding principal amount under the 1996 lease agreement was approximately US$2.9 million.

Equipment Financing. We have relied heavily on equipment financing to develop our GSM networks. The following is a summary of our key arrangements of this type.

KB Impuls entered into a vendor financing agreement with Alcatel in connection with the purchase of equipment for and the build-out of our GSM networks. As of December 31, 2002, KB Impuls' indebtedness to Alcatel was US$121.7 million. This indebtedness is guaranteed by our company and was incurred at various times, commencing in 1996, and bears interest at six month U.S. dollar LIBOR plus 4% (for the debt incurred prior to August 2000), six-month EURIBOR plus 3.5% (for debt incurred from August 2000 through December 31, 2001) and six-month EURIBOR plus 2.9% (for debt incurred since January 1, 2002). This indebtedness is secured by the equipment acquired from Alcatel with the proceeds of the financing and is due on various dates through 2005. KB Impuls' vendor financing agreements with Alcatel contain certain restrictive covenants, which provide, among other things, that KB Impuls may not pledge, encumber or grant a lien or security interest over KB Impuls' revenues, properties and rights to receive income as security for indebtedness of KB Impuls (subject to certain exceptions). In addition, these financing agreement require KB Impuls to first obtain Alcatel's consent before entering into material contracts outside of the ordinary course of business, or material contracts with any shareholder of KB Impuls or an affiliate of our company, with limited exceptions. These vendor financing agreements permit KB Impuls to pay dividends in any year to our company or any other of its shareholders in an amount not greater than 80% of KB Impuls' net profit for that year provided certain conditions are met. In addition, KB Impuls may not, without Alcatel's prior consent, make a loan or advance to any person, with limited exceptions. For more information on the risks related to these covenants, see "Item 3 – Key Information – D. Risk Factors – Risks Related to our Business – We may not be able to recover, or realize the value of, the debt and equity investments that we make in KB Impuls, VimpelCom-Region or other subsidiaries."

In September 2001, VimpelCom-Region entered into a vendor financing agreement with Alcatel providing for financing of an amount up to €18.3 million. This indebtedness is guaranteed by our company, secured by the equipment acquired from Alcatel with the proceeds of the financing and bears interest at the rate of six-month EURIBOR plus 2.9%. This indebtedness was due on various dates through September 2002. In December 2002, we repaid €4.6 million and extended the maturity on the remaining indebtedness so that it is due on various dates through December 27, 2005. In 2002, VimpelCom-Region entered into two additional vendor financing agreements with Alcatel providing for financing in the amount of €8.1 million and US$5.5 million. On June 25, 2003, VimpelCom-Region repaid all amounts owed under these additional agreements. As of December 31, 2002, approximately US$23.9 million (including accrued interest) was outstanding under all of VimpelCom-Region's vendor financing agreements with Alcatel. All of the indebtedness to Alcatel is subject to acceleration in the event that VimpelCom-Region repays its indebtedness to Ericsson (as described below). VimpelCom-Region's vendor financing agreements with Alcatel contain certain restrictive covenants, which provide, among other things, that VimpelCom-Region may not pledge, encumber or grant a lien or security interest over VimpelCom-Region's revenues, properties and rights to receive income as security for indebtedness of VimpelCom-Region (subject to certain exceptions). In addition, these financing agreements require VimpelCom-Region to first obtain Alcatel's consent before entering into material contracts outside of the ordinary course of business, or material contracts with any shareholder of VimpelCom-Region or an affiliate of our company (in each case subject to certain exceptions). VimpelCom-Region may not, without Alcatel's prior consent, pay dividends to our company or any other of its direct or indirect shareholders, or make any loan or advance to any person, with limited exceptions. For more information on the risks related to these covenants, see "Item 3 – Key Information – D. Risk Factors – Risks Related to our Business – We may not be able to recover, or realize the value of, the debt and equity investments that we make in KB Impuls, VimpelCom-Region or other subsidiaries."

In December 2001, VimpelCom-Region entered into a US$16.6 million vendor financing agreement with Ericsson. In December 2002, we repaid all amounts owed under this agreement. In August 2002, VimpelCom-Region entered into a US$45.6 million vendor financing agreement with Ericsson. As of December 31, 2002, US$45.6 million (including accrued interest) was outstanding, including US$8.3 million, which represented indebtedness for equipment delivered, but not yet covered by the credit agreement. This amount became subject to the credit agreement when VimpelCom-Region accepted delivery of the equipment that it had purchased. On June 20, 2003, VimpelCom-Region repaid all amounts owed under this agreement.

In April 2002, we entered into a frame agreement with LLC Technoserv A/S providing for the supply of telecommunications equipment, which includes an unsecured credit arrangement whereby we initially agreed to pay for 85% of the purchase price of the equipment with our promissory notes and 15% in cash. As of December 31, 2002, we had delivered or will be required to deliver promissory notes to Technoserv in the aggregate amount of US$4.0 million. This amount includes Euro-denominated promissory notes with €0.7 million (approximately US$0.7 million) of carrying value and €0.8 million (approximately US$0.8 million) of face value, U.S. dollar-denominated promissory notes with US$1.2 million of carrying value and US$1.4 million of face value, and €2.0 million (approximately US$2.1 million) in promissory notes that we will issue to Technoserv once it completes delivery and installment of certain equipment that we have purchased. Our outstanding promissory notes were issued at a discount with an effective annual interest rate of 10%. Each completed delivery of equipment is paid for with a pool of promissory notes. Each pool has a maximum term of three years and promissory notes in each pool mature quarterly.

In May 2002, VimpelCom-Region entered into a frame agreement with Technoserv providing for the supply of telecommunications equipment. Under the terms of this agreement, VimpelCom-Region initially agreed to pay for 85% of the purchase price of the equipment with its promissory notes and 15% in cash. As of December 31, 2002, VimpelCom-Region had delivered or will be required to deliver promissory notes to Technoserv in the aggregate amount of US$11.0 million. This amount includes Euro-denominated promissory notes with €3.4 million (approximately US$3.5 million) of carrying value and €3.9 million (approximately US$4.1 million) of face value, U.S. dollar-denominated promissory notes with US$4.1 million of carrying value and US$4.8 million of face value, and €3.2 million (approximately US$3.3 million) in promissory notes to be issued by VimpelCom-Region once Technoserv completes delivery and installment of certain equipment that VimpelCom-Region has purchased. VimpelCom-Region's outstanding promissory notes were issued at a discount with an effective annual interest rate of 10%. Each completed delivery of equipment is paid for with a pool of promissory notes. Each pool has a maximum term of three years and promissory notes in each pool mature quarterly.

In August 2002, we entered into a frame agreement with LLC "General DataCom" providing for the supply of telecommunications equipment. As with our Technoserv frame agreements, this frame agreement includes an unsecured credit arrangement whereby we initially agreed to pay for 85% of the purchase price of the equipment with our promissory notes and 15% in cash. As of December 31, 2002, we had delivered or will be required to deliver promissory notes to General DataCom under this credit arrangement in the aggregate amount of US$6.3 million, which included promissory notes with US$2.6 million of carrying value and US$2.6 million of face value and US$3.7 million in promissory notes that we will issue once General DataCom completes delivery of certain equipment that we have purchased. Our outstanding promissory notes bear an annual interest rate of six-month LIBOR plus 2%. Each completed delivery of equipment was paid for with twelve promissory notes that mature in equal quarterly installments over three years.

Recent Developments. In January 2003, VimpelCom-Region acquired from Telenor and Open Joint Stock Company "Stavtelecom imeni Kuzminova" 90% of the outstanding shares of StavTeleSot, the largest mobile telecommunications service provider in the Stavropol region, for a purchase price of approximately US$38.8 million. VimpelCom-Region acquired 49% of these shares from Telenor. In addition, we agreed to extend a credit line to StavTeleSot in the amount of approximately US$9.2 million in order for StavTeleSot to repay a bank loan previously guaranteed by Telenor. We also guaranteed StavTeleSot's repayment of US$1.4 million of existing debt owed to Telenor.

In January 2003, we entered into a non-revolving credit line agreement with Bayerische Hypo- und Vereinsbank AG and Nordea Bank Sweden AB (publ) with a credit limit of US$35.7 million. The credit line may only be used to finance the acquisition of Ericsson telecommunications equipment. The credit line bears interest at the rate of six-month LIBOR plus 0.7%, which is payable semi-annually. Each of the three tranches under the credit line is repayable in six equal installments over a three-year period. Repayment commences approximately four months prior to the date when delivery of the equipment we purchased is completed. The end of the last delivery period for the equipment we purchased falls on December 30, 2003. The credit line is secured by a pledge of the telecommunications equipment we acquired from Ericsson and a guarantee from the Swedish Export Credit Agency "EKN". In addition to interest payments, we are obliged to pay to the Swedish Export Credit Agency a fee in the amount of 5.03% of the relevant tranche before our first draw down under each tranche. Our credit line agreement with Bayerische and Nordea contains covenants substantially similar to the covenants related to our loan from J.P. Morgan discussed above. However, we are permitted to prepay, with five business days' notice, any amounts outstanding under the Bayerische and Nordea credit line agreement.

In February 2003, VimpelCom-Region entered into another vendor financing agreement with Ericsson to borrow up to US$55.9 million. In June 2003, we repaid US$11.2 million of this indebtedness. This indebtedness bears interest at the rate of one-month LIBOR plus 5%, is secured by the equipment acquired from Ericsson, and is due in November 2003. The indebtedness is subject to acceleration in the event VimpelCom-Region repays its indebtedness to Alcatel. VimpelCom-Region's vendor financing agreements with Ericsson contain certain restrictive covenants, which provide, among other things, that VimpelCom-Region may not grant a security interest over its assets or properties in excess of US$5 million in the aggregate, with certain exceptions (including purchase money security interests, pledges of equipment not subject to a security interest in favor of Ericsson, and pledges of accounts receivable and inventory in order to finance the same). In addition, VimpelCom-Region may not, without first obtaining Ericsson's consent, give guarantees of indebtedness in an aggregate amount exceeding US$5 million at any time or make investments in or loans to any of its subsidiaries or affiliates or any third parties, in each case in excess of US$5 million in any calendar month, and may not, without first obtaining Ericsson's consent, pay amounts to any of its shareholders or to a person to whom amounts are owed under any loan guaranteed by any of its shareholders, subject to certain exceptions. VimpelCom-Region may repay amounts owing to our company under unsecured loans with interest rates no greater than 4.2% per annum and leases only up to an amount equal to the amount of equity contributions to VimpelCom-Region made by our company and any other shareholders in the period since August 21, 2002. VimpelCom-Region may make payments under leases, service agreements and other agreements only up to specified monthly amounts. For more information on the risks related to these covenants, see "Item 3 – Key Information – D. Risk Factors – Risks Related to our Business – We may not be able to recover, or realize the value of, the debt and equity investments that we make in KB Impuls, VimpelCom-Region or other subsidiaries."

On May 20, 2003, we issued ruble-denominated bonds through LLC VimpelCom Finance, a consolidated Russian subsidiary of our company, in an aggregate principal amount of 3 billion rubles, or approximately US$97 million at the Central Bank of Russia exchange rate on May 20, 2003. The bonds are guaranteed by VimpelCom-Region. The bonds are due May 16, 2006 and bondholders have a put option exercisable on May 18, 2004 at 100% of nominal value of the bonds. Interest on the bonds is payable semiannually. The annual interest rate for the first two interest payments is 8.8%. The interest rate for subsequent interest payments will be determined by LLC VimpelCom Finance no later than May 7, 2004, which is ten days before the second interest payment is due. The proceeds of the offering will be used for financing or refinancing the business operations of VimpelCom-Region and its consolidated subsidiaries, including repayment of the credit facility discussed below.

In April 2003, VimpelCom-Region received an unsecured ruble-denominated credit facility from Raiffeisenbank of 640 million rubles, of which a total of 585 million rubles, or approximately US$18.9 million at the Central Bank of Russian exchange rate on May 14, 2003, was drawn. VimpelCom-Region repaid the amounts outstanding under this credit facility with the proceeds from the ruble bond issuance. The credit facility bore interest at 14% per annum.

Investing activities

We purchase network equipment, telephone line capacity, frequency allocations, buildings and other assets as a part of the ongoing development of our wireless networks. In 2002, our total payments for purchases of equipment, intangible assets and other non-current assets were approximately US$332.8 million (compared to US$154.9 million in 2001 and US$81.8 million in 2000) and our payments in respect of acquisitions (net of cash holdings of acquired companies) were approximately US$69.2 million (compared to US$6.8 million in 2001 and US$3.0 million in 2000). In 2002, payments for purchases of equipment, intangible assets and other non-current assets for our Moscow license area operations were approximately US$214.2 million (compared to US$102.2 million for 2001 and US$80.7 million in 2000). We did not make any payments in respect of acquisitions in the Moscow license area in 2002 (compared to US$2.6 million in 2001 and US$3.0 million in 2000 (net of cash holdings of acquired companies)). In 2002, our payments for purchases of equipment, intangible assets and other non-current assets for our operations in the regions were approximately US$118.6 million (compared to US$52.7 million in 2001 and US$1.1 million in 2000) and our payments in respect of acquisitions (net of cash holdings of acquired companies) were approximately US$69.2 million (compared to US$4.2 million in 2001 and US$0.0 million in 2000).

Our significant acquisitions in 2000, 2001 and 2002 and the first quarter of 2003 are described below.

In March 2000, we acquired the remaining 50% of the voting shares in our subsidiary, RTI Service-Svyaz that we did not previously own for US$3.0 million, thus increasing our ownership interest in RTI Service-Svyaz to 100%.

In January 2001, we acquired all of the outstanding shares of common stock of Closed Joint Stock Company MSS-Start, which operated under the trade name "Mobile Center", for approximately US$3.2 million. Mobile Center is a retail dealer for mobile communications companies.

In April 2001, VimpelCom-Region acquired 93% of the shares of common stock of Cellular Company, a wireless AMPS telecommunications operator in Novosibirsk, for approximately US$4.5 million. At the time of the acquisition, Cellular Company had 23,200 subscribers. In February 2002, VimpelCom-Region acquired an additional 5% of the stock of Cellular Company for approximately US$0.2 million. The remaining 2% of Cellular Company is owned by our wholly-owned subsidiary KB Impuls.

In July 2002, VimpelCom-Region acquired 107,084 common shares of Open Joint Stock Company "Orensot", representing a 77.6% interest, for a purchase price of approximately US$14.2 million. Orensot has a GSM-900/1800 license for the Orenburg region, which covers approximately 2.2 million people. At the time of the acquisition, Orensot had approximately 65,800 subscribers, including 46,100 GSM subscribers. In October 2002, VimpelCom-Region acquired an additional 29,274 shares, or 21.2%, of Orensot for a purchase price of approximately US$3.9 million. As of December 31, 2002, VimpelCom-Region owned 136,358 shares, or 98.8%, of Orensot.

In October 2002, we acquired an additional 200 shares, or 1%, of common stock of Open Joint Stock Company "Bee Line Samara" for a purchase price of approximately US$0.7 million, thereby increasing our interest in Bee Line Samara to 51%. Bee Line Samara has D-AMPS and GSM-1800 licenses for the Samara region, which covers approximately 3.3 million people. At the time of the acquisition, Bee Line Samara had approximately 103,000 D-AMPS subscribers.

In December 2002, VimpelCom-Region acquired from Telenor and another shareholder 100% of the outstanding shares of Closed Joint Stock Company "Extel" for a purchase price of approximately US$25.3 million. VimpelCom-Region acquired 49% of these shares from Telenor. Extel has a GSM-900 license for the Kaliningrad region, which covers approximately 0.9 million people. At the time of the acquisition, Extel had approximately 105,000 subscribers.

In December 2002, VimpelCom-Region acquired 100% of Limited Liability Company "Vostok-Zapad Telecom" for a purchase price of approximately US$26.6 million. Vostok-Zapad Telecom has a GSM-1800 license for the Ural region and a dual band GSM-900/1800 license for the following territories within the Ural region: the Sverdlovsk region, the Kirov region, the Kurgan region, the Republic of Komi, the Republic of Udmurtia and the Yamal-Nenets autonomous district. Approximately 24.3 million people live in the Vostok-Zapad Telecom license area. At the time of the acquisition, Vostok-Zapad Telecom had no subscribers.

In January 2003, VimpelCom-Region acquired from Telenor and Open Joint Stock Company "Stavtelecom imeni Kuzminova" 90% of the outstanding shares of StavTeleSot for a purchase price of approximately US$38.8 million. VimpelCom-Region acquired 49% of these shares from Telenor. StavTeleSot has a dual band GSM-900/1800 license for the Stavropol region, which covers approximately 2.7 million people. StavTeleSot has two 80%-owned subsidiaries: CJSC "Karachaevo-CherkesskTeleSot" and CJSC "Kabardino-Balkarsky GSM", which have GSM-900 licenses for their local areas covering approximately 0.4 million and 0.8 million people, respectively. At the time of the acquisition, StavTeleSot had approximately 175,000 subscribers, and its subsidiaries had an aggregate of 18,000 subscribers.

Future capital requirements

Wireless service providers require significant amounts of capital to construct networks and attract subscribers. Our estimated capital expenditures for 2003 are approximately US$550 million, of which approximately 80% is to be invested in our network development.

In addition to these amounts, we plan to continue investing in acquiring existing wireless operators in various license areas.

We anticipate that the funds necessary to meet our current capital requirements and those to be incurred in the foreseeable future will come from:

- cash currently held by our company;
- equity investments in VimpelCom-Region to be made by Alfa Group;
- operating cash flows;
- vendor financing,
- borrowings under bank financings; and
- financing from Russian and international capital markets.

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

Contractual Obligations

The following table summarizes the contractual principal maturities of our long-term debt, including its current portion, and our minimum payments required under our capital lease obligations and purchase obligations, each as of December 31, 2002.

	Payments due by period (in millions of U.S. dollars)				
Contractual Obligations(1)	**Total**	**Prior to December 31, 2003**	**January 1, 2004 to December 31, 2005**	**January 1, 2006 to December 31, 2007**	**After January 1, 2008**
Bank loans	93.9	37.8	26.6	29.5	—
Loan from J.P. Morgan AG	250.0	—	250.0	—	—
Equipment financing (including accrued interest)	216.0	134.6	81.2	0.2	—
Convertible notes (including accrued interest)	85.9	—	85.9	—	—
Capital lease obligations	4.8	3.9	0.9	—	—
Purchase obligations	26.1	26.1	—	—	—
Total	**676.7**	**202.4**	**444.6**	**29.7**	**—**

(1) Note that debt payments could be accelerated upon violation of debt covenants.

Contingent Liabilities

The taxation system in Russia is evolving as the central government transforms itself from a command to a market economy. There were many Russian Federation tax laws and related regulations introduced in 2002 and previous years that were not always clearly written and their interpretation is subject to the opinions of the local tax inspectors, Central Bank officials and the Ministry of Finance. Instances of inconsistent opinions between local, regional and federal tax authorities and between the Central Bank and the Ministry of Finance are not unusual. We believe that we have paid or accrued all taxes that are applicable. Where uncertainty exists, we have accrued tax liabilities based on our best estimate.

Basis of Presentation of Financial Results

We maintain our records and prepare our statutory financial statements in accordance with Russian accounting principles and tax legislation and in accordance with U.S. GAAP. Our consolidated financial statements have been prepared in accordance with U.S. GAAP. They differ from our financial statements issued for statutory purposes in Russia in that they reflect certain adjustments not recorded in our statutory books that are necessary to present our financial position, results of operations and cash flows in accordance with U.S. GAAP. The principal adjustments relate to:

- revenue recognition;
- recognition of interest expense and other operating expenses;
- valuation and depreciation of property and equipment;
- foreign currency translation;
- deferred income taxes;
- capitalization and amortization of telephone line capacity;
- valuation allowances for unrecoverable assets;
- capital leases; and
- consolidation and accounting for subsidiaries.

The consolidated financial statements set forth in this Annual Report on Form 20-F include the accounts of our company and our consolidated subsidiaries. Our consolidated financial statements also include the accounts of VimpelCom (BVI) Ltd., a special-purpose entity affiliated with and controlled by our company, and VC Limited, a wholly-owned subsidiary of VimpelCom (BVI) Ltd. All inter-company accounts and transactions have been eliminated. We have used the equity method of accounting for companies in which our company has significant influence. Generally, this represents voting stock ownership of at least 20% and not more than 50%.

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

Certain Factors Affecting our Results of Operations

Inflation

The Russian government has battled inflation for the last decade and had made significant progress by the mid-1990s. In 2000, Russia's annual inflation rate was 20.2% and in 2001 it was 18.6%. According to Goskomstat, inflation was 15.1% in 2002. In November 2002, the AICPA International Practices Task Force concluded that Russia will no longer be considered a highly inflationary economy for purposes of Financial Accounting Standards Board, or FASB, Statement No. 52 effective January 1, 2003. We set prices for our products and services in U.S. dollar equivalent units in order to help insulate us from the volatility of the ruble. However, inflation affects the purchasing power of our mass market subscribers.

Foreign Currency Translation

We report to Russian tax authorities and maintain our statutory accounting records in rubles. The consolidated financial statements have been prepared in accordance with U.S. GAAP and are stated in U.S. dollars, which is our functional currency. Accordingly, transactions and balances not already measured in U.S. dollars have been translated into U.S. dollars in accordance with the relevant provisions of Statement of Financial Accounting Standards, or SFAS, No. 52, "Foreign Currency Translation." Under SFAS No. 52, revenues, costs, capital and non-monetary assets and liabilities are translated at historical exchange rates prevailing on the transaction dates. Monetary assets and liabilities are translated at exchange rates prevailing on the balance sheet date. Exchange gains and losses arising from the translation of monetary assets and liabilities that are not denominated in U.S. dollars are credited or charged to operations.

On November 25, 2002, the AICPA International Practices Task Force concluded that effective January 1, 2003, Russia would no longer be considered highly inflationary. Consequently, we reassessed our functional currency as of January 1, 2003. The U.S. dollar remained the functional currency of our company and our subsidiaries, except for Cellular Company, Orensot and StavTeleSot. Effective January 1, 2003, the ruble became the functional currency of each of these entities as the majority of each of their revenues, costs and indebtedness and trade liabilities and the property and equipment purchased by each of these entities are either priced, incurred or payable or otherwise measured in Russian rubles. Assets and liabilities of these entities are translated into U.S. dollars at exchange rates prevailing on the balance sheet date. Revenues, expenses, gains and losses are translated into U.S. dollars at historical exchange rates prevailing on the transaction dates. Translation adjustments resulting from the process of translating the financial statements of these entities into U.S. dollars are reported in other comprehensive income, a separate component of shareholders' equity.

The ruble is not fully convertible outside of Russia. From 1995 until August 17, 1998, the Russian government and the Central Bank of Russia had generally kept the ruble trading within a fixed exchange rate band. However, after the government's announcement on August 17, 1998 to widen the ruble corridor to plus or minus 9.5 rubles per U.S. dollar, the value of the ruble plummeted from approximately 6.2 rubles per U.S. dollar to 20.7 rubles per U.S. dollar, losing over 70% of its value. The ruble continued to devalue in 1999, but stabilized in 2000. On December 31, 2000, the ruble-U.S. dollar exchange rate was 28.16 rubles per U.S. dollar and, on December 31, 2001, it was 30.14 per U.S. dollar. On December 31, 2002, the ruble-U.S. dollar exchange rate was 31.78 rubles per U.S. dollar.

On December 31, 2000, the U.S. dollar-Euro exchange rate was US$0.9283/€1.00 and, on December 31, 2001, it was US$0.8789/€1.00. On December 31, 2002, the U.S. dollar-Euro exchange rate was US$1.0417/€1.00.

We have implemented a number of risk management activities to minimize currency risk and exposure. To minimize the risk of ruble fluctuations and devaluation, we list tariffs and calculate monthly bills in U.S. dollar equivalent units, although we continue to receive payment in rubles, in accordance with applicable law. As a result, subscribers now pay their bills at the prevailing U.S. dollar-ruble exchange rate on the date that payment is made. Subscribers are also charged a 1% surcharge to cover the cost of converting rubles into U.S. dollars. In addition, we hedge our Euro-denominated liabilities with U.S. dollar-Euro currency forward agreements and by maintaining some cash deposits in Euros.

To the extent permitted by Russian law we keep our readily available cash in U.S. dollars and Euros in order to manage against the risk of ruble devaluation. Our foreign currency liabilities are primarily associated with the purchase of network equipment and loans denominated in foreign currencies. Under applicable law, we are permitted to buy hard currency to settle these contracts. A large proportion of our Euro-denominated liabilities is hedged by a series of Euro-U.S. dollar forward currency exchange contracts, and we have cash and cash equivalents denominated in Euros in an amount sufficient to cover the remaining liabilities, details of which are described above. Where possible, we incur indebtedness denominated in U.S. dollars in order to avoid currency exposure.

Trend Information

The Moscow market.

In 2002, approximately 3.1 million new subscribers were added in the Moscow license area, representing an increase of approximately 75% in the Russian mobile telecommunications industry's customer base in the Moscow license area. As of December 31, 2002, we estimate that there were approximately 7.2 million subscribers in the Moscow license area, where the penetration rate increased to 42.4% from 27.4% as of December 31, 2001. In 2003, it is expected that the number of subscribers in the Moscow license area will reach 9.2 million, with penetration rates expected to reach approximately 54%.

Our Moscow subscriber base increased from approximately 1.9 million as of December 31, 2001 to approximately 3.7 million as of December 31, 2002 as total penetration in Moscow increased from 27.4% to 42.4%. In 2003, we intend to maintain our strong market position in Moscow. While we expect the subscriber base to grow, the Moscow market is beginning to mature, which we expect to result in higher competition and, in the medium term, a reduction in the annual growth rates of new subscribers and revenue in the Moscow market.

Regional expansion

In 2002, approximately 6.9 million new subscribers were added in the regions outside of Moscow, representing a nearly threefold increase in the Russian mobile telecommunication industry's regional customer base. As of December 31, 2002, there were approximately 10.8 million subscribers in the regions outside of Moscow, where the penetration rate increased to 8.4% from 3.1% as of December 31, 2001. In 2003, it is expected that the number of subscribers in the regions outside of Moscow will nearly double from approximately 10.8 million as of December 31, 2002 to approximately 19.1 million as of December 31, 2003, with penetration rates expected to reach 13%. Given the current level of penetration, we believe that the Russian mobile telecommunications market outside of the Moscow license area will continue to expand rapidly over the next several years, after which we expect growth to slow as the market becomes saturated.

Our regional growth has exceeded the overall trend. In 2002, we expanded our subscriber base outside of the Moscow license area from approximately 200,300 subscribers as of December 31, 2001 to approximately 1.44 million subscribers as of December 31, 2002, an increase of 619%. We have added approximately 800,000 new subscribers in the first quarter of 2003, including approximately 193,000 new subscribers as a result of VimpelCom-Region's acquisition of StavTeleSot in January 2003. In connection with our regional expansion efforts, we launched commercial operations in St. Petersburg on April 15, 2003 and we intend to continue the rollout of our regional networks in 2003, including in the cities of Ekaterinburg, Chelyabinsk and Tyumen. In addition, we intend to obtain a GSM license in the Far East, the last remaining region in Russia for which we do not have a wireless license.

Decreasing ARPU

ARPU has declined from US$26.20 in 2001 to US$18.30 in 2002. We expect a continuing decline in ARPU due to increasing competition both in the regions, where we face greater competition due to the presence of both national and local mobile operators, and in the Moscow license area, where we compete primarily with national cellular operators, primarily MTS and Megafon, which may result in lower tariffs. In addition, as we increase the number of subscribers in the regions outside of Moscow, we expect an increasing proportion of mass-market subscribers, who typically generate lower ARPU, as was the case in Moscow.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with U.S. GAAP requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual amounts may differ from these estimates. The following critical accounting policies require significant judgments, assumptions and estimates and should be read in conjunction with our consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Revenue Recognition

We recognize service revenues when we render services to our subscribers. Revenues from handsets and accessories are recognized in the period in which the handsets and accessories are sold. Revenues on prepaid cards are deferred and recognized when the services are rendered. Our revenues are stated net of value added taxes charged to our subscribers.

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

In line with the SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements", we defer telecommunications connection fees. Deferred revenues are subsequently recognized over the estimated average customer lives under tariff plans, which provide for payment of connection fees and which are periodically reassessed by us, and such reassessment may impact our future operating results.

Property and Equipment

We state our property and equipment at historical cost. We depreciate our telecommunications equipment, including equipment acquired under capital leases, using the straight-line method over its estimated useful life of nine and one half years. We depreciate buildings and leasehold improvements using the straight-line method over estimated useful lives of 20 years. Office and measuring equipment, vehicles and furniture are depreciated using the straight-line method over estimated useful lives ranging from five to 10 years. The actual economic lives may be different than our estimated useful lives, thereby resulting in different carrying value of our property and equipment. Changes in technology or changes in our intended use of property and equipment may cause the estimated useful lives or the value of these assets to change. We perform periodic internal studies to confirm the appropriateness of the estimated useful economic lives of our property and equipment. These studies could result in a change in the depreciable lives of our property and equipment and, therefore, our depreciation expense in future periods. In 2002, we changed estimated useful lives of certain items of our equipment (see Note 3 to our consolidated financial statements).

Intangible Assets

We capitalize payments made to third party suppliers to acquire access to and for use of telephone lines. We account for these payments as intangible assets and they are amortized on a straight-line basis over 10 years. Telecommunication licenses are amortized on a straight-line basis until the expiration date of the licenses. Goodwill represents the excess of consideration paid over the fair value of net assets acquired in purchase business combinations. In 2000 and 2001, goodwill was amortized using the straight-line method over the estimated remaining useful life. With the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets", as of January 1, 2002, no amortization was taken on these assets in 2002. Our other intangible assets, principally our non-telecommunication licenses, are amortized on a straight-line basis over their estimated useful lives, generally four to 10 years.

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

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

Long-Lived Assets

We account for impairment of long-lived assets, except for goodwill, in accordance with the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. In 2000, we determined that certain items of our telecommunications D-AMPS equipment and licenses from the vendors of the equipment were impaired (see Note 10 to our consolidated financial statements). Impairment tests require estimates in respect of the grouping of long-lived assets. The determination of whether there are impairment indicators requires judgment on our behalf. The use of different assumptions in our estimated future cash flows when determining whether the assets are impaired may result in additional impairment charge.

Allowance for Doubtful Accounts

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

Valuation Allowance for Deferred Tax Assets

We record valuation allowances related to tax effects of deductible temporary differences and loss carry forwards when it is more likely than not that some or all of the deferred tax assets will not be realized in the future. These evaluations are based on expectations of future taxable income and reversals of the various taxable temporary differences. As of December 31, 2002, our deferred tax asset amounted to US$15.9 million, net of valuation allowance of US$7.5 million. Changes in our assessment of probability of realization of deferred tax assets may impact our effective income tax rate.

Business Combinations

We allocate purchase prices paid for the acquired businesses based on the fair value of acquired assets, including intangible assets, and assumed liabilities. The determination of the fair value of assets and liabilities is based on various factors, including our estimates of the future discounted cash flows. The use of different estimates or assumptions within our discounted cash flow models when determining the fair value of assets and liabilities of the acquired entities may result in different values for these assets and liabilities, goodwill and future depreciation and amortization expense.

Recent Accounting Pronouncements

Business Combinations, Goodwill and Other Intangible Assets

In July 2001, the Financial Accounting Standards Board, or FASB, issued SFAS's No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets", effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with SFAS No. 142. Other intangible assets will continue to be amortized over their useful life. Impairment losses that arise due to the initial application of this standard should be reported as a cumulative effect of a change in accounting principle.

We have adopted SFAS No. 141, "Business Combinations", which was effective for business combinations consummated after June 30, 2001. We adopted SFAS No. 142, "Goodwill and Other Intangible Assets", on January 1, 2002, and discontinued amortization of goodwill as of such date. The impact of non-amortization of goodwill on our net income for the year ended December 31, 2002 was an increase of US$1.6 million, or US$0.04 per share of common stock – basic and US$0.04 per share of common stock – diluted, respectively.

We have completed the goodwill impairment testing identified in SFAS No. 142 and identified that there was no impairment of goodwill as of December 31, 2002.

Accounting for Assets Retirement Obligations

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement deals with the costs of closing facilities and removing assets. SFAS No. 143 requires entities to record the fair value of a legal liability for an asset retirement obligation in the period it is incurred. This cost is initially capitalized and amortized over the remaining life of the asset. Once the obligation is ultimately settled, any difference between the final cost and the recorded liability is recognized as a gain or loss on disposition. SFAS No. 143 is effective for years beginning after June 15, 2002. The adoption of the provisions of SFAS No. 143 is not expected to have a material impact on our results of operations, financial position or cash flow.

Accounting for Costs Associated with Exit or Disposal Activities

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. This statement nullifies Emerging Issues Task Force No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" which required that a liability for an exit cost be recognized upon the entity's commitment to an exit plan. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The adoption of the provisions of SFAS No. 146 is not expected to have a material impact on our results of operations, financial position or cash flow.

Accounting for Stock-Based Compensation

In December 2002, the FASB issued SFAS No. 148 "Accounting for Stock-Based Compensation — Transition and Disclosure — an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123 "Accounting for Stock-Based Compensation" to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of SFAS No. 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. SFAS No. 148 also amends APB Opinion No. 28 "Interim Financial Reporting" to require disclosure about those effects in interim financial information. The amendments to SFAS No. 123 introduced in SFAS No. 148 are effective for financial statements for fiscal years ending after December 15, 2002. We adopted the disclosure requirements of SFAS No. 148 in the consolidated financial statements for the year ended December 31, 2002.

Accounting for Guarantees

In November 2002, the FASB issued FASB Interpretation, or FIN, No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". FIN No. 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. The disclosure provisions of FIN No. 45 are effective for financial statements of annual periods that end after December 15, 2002. The provisions for initial recognition and measurement are effective on a prospective basis for guarantees that are issued or modified after December 31, 2002. The adoption of the provisions of FIN No. 45 did not have a material impact on our results of operations, financial position or cash flow.

Consolidation of Variable Interest Entities

In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities". FIN No. 46 defines the concept of "variable interests" and requires existing unconsolidated variable interest entities to be consolidated into the financial statements of their primary beneficiaries if the variable interest entities do not effectively disperse risks among the parties involved. FIN No. 46 applies immediately to variable interest entities created after January 31, 2003. It applies in the first fiscal year or interim period beginning after June 15, 2003 to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. If it is reasonably possible that an enterprise will consolidate or disclose information about a variable interest entity when FIN No. 46 becomes effective, the enterprise must disclose information about those entities in all financial statements issued after January 31, 2003. The interpretation may be applied prospectively with a cumulative-effect adjustment as of the date on which it is first applied or by restating previously issued financial statements for one or more years, with a cumulative-effect adjustment as of the beginning of the first year restated. The adoption of the provisions of FIN No. 46 is not expected to have a material impact on our results of operations, financial position or cash flow.

Amendment to SFAS 133 on Derivative Instruments and Hedging Activities

In April 2003, the FASB issued SFAS No. 149, "Amendment to Statement 133 on Derivative Instruments and Hedging Activities." This statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under FASB Statement No. 133 "Accounting for Derivative Instruments and Hedging Activities." It is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. All provisions of SFAS No. 149 should be applied prospectively, except as stated further. Provisions related to SFAS No. 133 implementation issues that have been effective for fiscal quarters beginning prior to June 15, 2003, should continue to be applied in accordance with their respective dates. Rules related to forward purchases or sales of when-issued securities or other similar securities should be also applied to existing contracts. The adoption of the provisions of SFAS No. 149 is not expected to have a material impact on our results of operations, financial position or cash flow.

Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of the provisions of SFAS No. 150 is not expected to have a material impact on our results of operations, financial position or cash flow.

Related Party Transactions

See the section of this Annual Report on Form 20-F entitled "Item 7 – Major Shareholders and Related Party Transactions – B. Related Party Transactions" for a description of certain transactions that we have entered into with related parties and affiliates.

Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the current year presentation.

ITEM 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Directors and Senior Management

As of June 27, 2003, the members of our board of directors, management advisory committee, audit commission and other members of our senior management were as follows.

Name	Age	Title
Jo O. Lunder (1)(2)	41	Director, CEO and General Director
Mikhail M. Fridman (3)	38	Director
Arve Johansen (2)	53	Director
Pavel V. Kulikov (3)	26	Director
Alexey M. Reznikovich (3)	34	Director
Alex Sozonoff (4)	64	Director
Terje Thon (2)	57	Director
Henrik E. Torgersen (2)	54	Director
Natalia S. Tsukanova (3)	36	Director
Elena A. Shmatova (1)	44	Acting Chief Financial Officer
Nikolai N. Pryanishnikov (1)	30	First Vice President – Commercial Director
Jere C. Calmes (1)	33	Vice President of Customer Operations and Product Management
Sergei M. Avdeev (1)	53	Vice President of Network Development
Alexei M. Mischenko (1)	54	First Vice President – Regional and Business Development
Christine M. Grzesiak (1)	37	Vice President of Corporate and Legal Affairs, Chief Compliance Officer
Andrey P. Kuznetsov (1)	39	Vice President of Information Technology
Marina V. Novikova (1)	38	Director of Human Resources
Mikhail V. Yakovlev (1)	49	Director of Sales
Olga N. Turischeva (1)	33	Director of Marketing
Valery V. Frontov	52	Vice President of Licensing
Valery P. Goldin	61	Vice President of International Relations
Alexander Gersh	39	Audit Commission Member
Knut Giske (2)	36	Audit Commission Member
Nigel J. Robinson (3)	35	Audit Commission Member

(1) Member of the management advisory committee

(2) Telenor nominee.

(3) Alfa Group nominee.

(4) Nominated by Telenor and approved by Alfa Group.

Our current CEO and General Director, Jo Lunder, is under contract with our company until the end of June 2003. We have begun the search process for a new CEO and General Director and, as the search process continues, Mr. Lunder has agreed to continue to serve as our company's CEO and General Director for a period to be mutually agreed upon between our company and Mr. Lunder. Thereafter, Mr. Lunder is expected to continue as a director of our company, serving as Chairman of the Board of Directors.

Under the terms of a shareholders agreement dated as of May 30, 2001 between Telenor and Alfa Group, Telenor and Alfa Group have the right to nominate up to four candidates each for election to our board of directors, for so long as each company beneficially owns at least 25% plus one share of our company's issued and outstanding capital stock. One of the four candidates nominated by each, however, may not be an employee, officer or director of Telenor, Alfa Group or any of their affiliates, unless Telenor or Alfa Group, as the case may be, beneficially owns more than 44%, but not more than 50%, of our issued and outstanding capital stock. In addition, for so long as Telenor beneficially owns at least 25% plus one share of our company's issued and outstanding capital stock, it is entitled to nominate one additional director to our board of directors (subject to Alfa Group's approval if, at that time, Alfa Group beneficially owns at least 25% plus one share of our company's issued and outstanding capital stock). Such additional director may not be an employee, officer, director and/or other affiliate of Telenor, Alfa Group or any of their affiliates. However, if Alfa Group fails to pay the purchase price for the shares of our subsidiary, VimpelCom-Region, at the closing of the third tranche of equity investments currently scheduled for November 2003, then Alfa Group must cause its nominated directors to resign from our board of directors until Alfa Group's remaining nominees will be only those persons whom Alfa Group could elect based on cumulative voting at that time, without taking into account any extraordinary rights. Alfa Group recently reported that it owned 25% plus two shares of our voting capital stock and Telenor recently reported that it owned 25% plus 13 shares of our voting capital stock.

Current Directors, Senior Management and Audit Commission Members

Jo O. Lunder has served as Chief Executive Officer of our company since April 2001 and General Director of our company since May 2001. Mr. Lunder has served as a director of our company since May 2002. From September 2000 until April 2001, Mr. Lunder served as our company's President and Chief Operating Officer. From May 2000 until September 2000, Mr. Lunder served as First Deputy Chief Executive Officer and Chief Operating Officer of our company. From September 1999 until April 2000, Mr. Lunder served as our Chief Operating Officer. From 1993 to August 1999, Mr. Lunder served in various capacities for Telenor and its affiliates, including Chief Operating Officer of Telenor Mobile AS. Mr. Lunder earned a bachelor's degree from Oslo Business School. Mr. Lunder also received an MBA from Henley Management College in Oxford and completed a Management Training program at IMD in Lausanne, Switzerland.

Mikhail M. Fridman has been a director of our company since July 2001. Mr. Fridman currently serves as Chairman of the board of directors of Alfa Bank and as a member of the boards of directors of Alfa Finance Holdings and OJSC "TNK". Mr. Fridman is also a Chairman of the Supervisory Board of the Consortium Alfa Group. Since 1989, Mr. Fridman has taken an active part in the formation of Alfa Group, which includes Alfa Finance Holdings S.A. (Alfa Bank, Alfa Capital Holdings Limited, and Medpoint Limited), Alfa-Eco Holdings Limited and ZAO Trade House Perekriostok. In 1988, Mr. Fridman co-founded "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.

Arve Johansen was elected as a director of our company on June 27, 2003. Mr. Johansen currently serves as Chief Executive Officer of Telenor Mobile and Senior Executive Vice President of Telenor, a position that he has held since 2000. Mr. Johansen is also a Member of the board of Telenor Mobil (Norway), DTAC/UCOM (Thailand), DiGi.Com (Malaysia) and several other companies. Mr. Johansen held various positions since joining the Telenor Group in 1989, including Chief Executive Officer and a member of the corporate board of Telia-Telenor Mobile in 1999, Chief Executive Officer of Telenor International AS from 1995 to 1998, Vice President of Norsk Telekom AS from 1993 to 1994 and Vice President of TBK AS (Telenor Business Communications) from 1989 to 1992. From 1985 until 1988, Mr. Johansen served as Vice President of Ericsson (Norway), responsible for the sale and the delivery of large specialized telecommunications systems to customers worldwide. Mr. Johansen received a master's of science degree in telecommunications from the Norwegian Institute of Technology and completed the Program for Management Development at Harvard Business School.

Pavel V. Kulikov has been a director of our company since May 2002. He has served as the General Director of Eco Telecom Limited since 2000. Mr. Kulikov is also a member of the board of directors of our subsidiary KB Impuls. From 1998 until 2000, Mr. Kulikov served as Deputy General Director of JSC Moscow Black Iron Casting Factory. From 1997 until 1998, Mr. Kulikov served as Deputy General Director of ZAO "MSS-Start," which is now a wholly-owned subsidiary of our company and a retail dealer for mobile telecommunications companies in the Moscow license area. Mr. Kulikov graduated from Moscow State University and is currently doing postgraduate research at the Moscow State University.

Alexey M. Reznikovich has been a director of our company since May 2002. He has served as the General Director and member of the board of directors of "CafeMax" and "EMAX" since February 2001. From January 1996 to February 2001, Mr. Reznikovich was a partner at McKinsey & Co. Before joining McKinsey & Co., Mr. Reznikovich worked at Procter & Gamble (Italy) and Transworld (USA). Mr. Reznikovich graduated from the Economics Faculty of Moscow State University. Mr. Reznikovich also received an MBA from Georgetown University/INSEAD University in France.

Alex Sozonoff was elected as a director of our company on June 27, 2003. Mr. Sozonoff currently serves on the boards of directors of Advanced Fibre Communications, Stonesoft Corp, and the Sir Peter Ustinov Foundation. Mr. Sozonoff is also a member of several other boards of directors in Europe and North America. Mr. Sozonoff held various positions in Hewlett-Packard for 35 years, retiring in January 2002. He continues to serve as the Senior Advisor to the CEO of Hewlett-Packard. Immediately prior to his retirement, Mr. Sozonoff served as Vice President of Customer Advocacy, responsible for raising Hewlett-Packard's overall skill in the area of relationship management. In addition, he was responsible for the Total Customer Experience for the Business Customer Organization at Hewlett-Packard. Mr. Sozonoff received a bachelor's degree in economics from the University of Tennessee and a degree from the Nijenrode University in Breukelen, Netherlands. He graduated from the Wharton Management Program in 1995.

Terje Thon has been a director of our company since January 1999. Mr. Thon currently serves as the Chairman of the board of directors of the Norwegian newspaper Dagbladet AS. Mr. Thon also serves as a member of the boards of directors of Storebrand Bank ASA, Tandberg Data ASA, Comuniq AS, Sait-Stento SA and certain other private companies. From November 1994 until October 2000, Mr. Thon served as Senior Executive Vice President of Telenor AS, with responsibility for Telenor's international activities. Previously, Mr. Thon served as Deputy Managing Director of Norsk Telekom and Managing Director of TBK AS. Prior to joining Televerket/Telenor, Mr. Thon held senior management positions in the former Norwegian telecommunications group EB AS, which subsequently merged into the ABB group, and the Norwegian companies ASV and NVE. Mr. Thon received a master of science degree from the Norwegian Technical University and completed the Program for Management Development at Harvard Business School.

Henrik Torgersen has been a director of our company since January 1999. Mr. Torgersen currently serves as Executive Vice-President of Telenor, a position that he has held since July 2000. He has also served as President of Telenor East Invest AS and Regional Director of Telenor responsible for operations in Russia and the CIS countries since November 1998. He joined Telenor as a Senior Vice President in August 1998. Prior to joining Telenor, Mr. Torgersen was an Associate Partner in Andersen Consulting (now, Accenture) in the area of electronic commerce. From 1992 to 1998, he worked with Andersen Consulting and was responsible for building and running its Foundation Software Organisation in Northern Europe. Mr. Torgersen has more than 15 years of experience as an executive in the IT industry and worked for eight years with IBM. He holds a Masters Degree in Electrical Engineering/Cybernetics from the Technical University of Norway and has completed a Management Training program at IMD in Lausanne, Switzerland.

Natalia S. Tsukanova was elected as a director of our company on June 27, 2003. Mr. Tsukanova has served as Vice President of J.P. Morgan since 1997, with responsibility for mergers and acquisitions in the area of natural resources. Prior to joining J.P. Morgan, Ms. Tsukanova worked for the State Property Management Committee of the Russian Federation and for Boston Consulting Group in London and Moscow. Ms. Tsukanova holds Ph.D. and M.A. degrees in Economics from Moscow State University and Harvard, and an MBA with honors from INSEAD University in France.

Elena Shmatova has served as Acting CFO of our company since January 2003. She served as Director of Treasury of our company from March 2002 to December 2003 and as Financial Controller of our company from December 1999 to March 2002. Ms. Shmatova is also a member of the boards of directors of KB Impuls and Extel, which are part of our consolidated group of companies. From 1992 to 1999, Ms. Shmatova served as Deputy Finance Director, Finance Director and Vice-President of Finance at the Sprint Communications/GlobalOne Group of companies in Russia. Prior to 1992, Ms. Shmatova served as a Financial Director in "Express Mail Service-Garantpost" and as an economist in the Ministry of Telecommunications of the USSR and the Center of International Accounting of the Ministry of Telecommunications of the USSR. Ms. Shmatova received a bachelor's degree in economics from the Moscow Telecommunications University.

Nikolai N. Pryanishnikov has served as First Vice President of Commercial Director of our company since October 2000. From May 1999 until October 2000, he held various positions at our company, including Deputy General Director and Head of Moscow Operations. From April 1997 to March 1999, Dr. Pryanishnikov served as Deputy General Director for Commercial Business at MCC. From September 1992 to March 1997, Dr. Pryanishnikov held various positions with the MCC group of companies, including General Director of MSS-Start, Marketing Director, Head of the Marketing Development Department and a commercial representative of MCC. Dr. Pryanishnikov graduated from the Moscow Automobile and Road Building Institute, the All-Russia Financial Institute and received an MBA degree from the Higher Commercial School at the International Management Institute. Dr. Pryanishnikov received a Ph.D. degree from the Higher Commercial School of the Ministry of Foreign Relations and Commerce of the Russian Federation.

Jere C. Calmes has served as Vice President of Customer Operations and Product Management of our company since January 2001. Mr. Calmes is also a member of the boards of directors of Extel, StavTeleSot, Bee Line Samara and Orensot, all of which are part of our consolidated group of companies. From May 1996 until January 2001, Mr. Calmes held various positions within the Network Management Group of Motorola Inc.'s international portfolio of wireless operating companies. These positions included Director of Customer Services and Credit Control for ECMS-MobiNil, a leading GSM operator in Egypt, from July 1998 until January 2001, and Deputy General Director of St. Petersburg Telecom from May 1996 until July 1997. Mr. Calmes has worked in the wireless industry in a number of countries including Russia, the United Kingdom, Lithuania, Jordan, Israel, Pakistan and Egypt. Mr. Calmes received a B.A. in International Relations from Bates College.

Sergei M. Avdeev has served as the Vice President of Network Development of our company since 1998. Mr. Avdeev served as Regional AMPS Project Manager from 1995 to 1996, and as GSM-1800 Project Manger from 1996 to 1998. Currently, Mr. Avdeev also serves as a member of the board of directors of ZAO ICO-R, a satellite telecommunications company, and as General Director of KB Impuls, our subsidiary. Mr. Avdeev received the equivalent of a Ph.D. in Radio Science from, and was a professor at, Moscow's State Technical University named after Bauman.

Alexei M. Mischenko has served as General Director of VimpelCom-Region since June 2001 and First Vice President – Regional and Business Development of our company since May 2002. Mr. Mischenko is also a member of the boards of directors of KB Impuls and Extel, which are part of our consolidated group of companies. From November 1999 to June 2001, Mr. Mischenko served as General Director of FORA Communications. From January to November 1999, he served as Managing Director of ZAO Lucent Technologies (St. Petersburg branch) and from December 1997 to November 1999 he served as Deputy Managing Director of ZAO Lucent Technologies Russia. Mr. Mischenko earned a degree in microelectronics from the Leningrad Electrotechnical Institute named after V.I. Ulyanov in 1993, and a Ph.D degree in fiber optics components from All-Union Scientific Research Institute of General Techniques Standardization in Moscow in 1989.

Christine M. Grzesiak has served as Vice President of Corporate and Legal Affairs and Chief Compliance Officer of our company since February 2003. Ms. Grzesiak is also a member of the boards of directors of Bee Line Samara, Orensot, Extel, Cellular Company and StavTeleSot, all of which are part of our consolidated group of companies. Prior to joining our company, Ms. Grzesiak served as Country Manager at Nestle Purina PetCare for Nestle Russia from 2000 to 2003 and as Director of Corporate Affairs of Nestle Food LLC from 1997 to 2000. She has also served as Legal Counsel, Resident Vice President for Citibank in Russia. Ms. Grzesiak received an M.A. in international economics and a J.D. from the University of Denver and a B.A. in political economy from the University of the Pacific.

Andrey P. Kuznetsov has served as Vice President of Information Technology of our company since February 2000. From 1996 to 1999, Mr. Kuznetsov served as Chief Technology Officer, Chief Information Officer and Chief Knowledge Officer of East Line Group. He received a degree in applied mathematics from the Moscow Oil and Gas Academy. He also received an MBA from the Russian Academy of Economics.

Marina V. Novikova has served as Director of Human Resources of our company since December 2001. From December 2000 to December 2001, she served as Regional Human Resources Manager for Eastern Europe of AVAYA Communications. From July 1997 to November 2001, Ms. Novikova served as Human Resources Manager of ZAO Lucent Technologies. Ms. Novikova received a degree in linguistics from Moscow Linguistics University.

Mikhail V. Yakovlev has served as Director of Sales of our company since July 1999. From April 1997 to July 1999, he held various positions with our company, including Commercial Director. He has 32 years of experience in the telecommunications industry, including the last nine in the mobile sector. He has previously served as the deputy to the CEO of Communications and Satellite System Center. From 1994 to 1997, he was the CEO of MTK Company. He graduated with a degree from the Moscow Telecommunications Institute.

Olga N. Turischeva has served as Director of Marketing of our company since January 2001. From 1998 to 2000, she served as Marketing Director of Bosch und Siemens Hausgeraete in Moscow. She received a degree in economics from Moscow State University.

Valery V. Frontov has served as Vice President of Licensing of our company since January 1998 and was a member of our board of directors from January 1999 until July 2001. From December 1994 to June 1998, Mr. Frontov served as head of the Radio Frequency Service. In 1994, Mr. Frontov served as an employee in the office of the Moscow City Duma. From 1968 to 1993, Mr. Frontov served in the Russian military, reaching the rank of Colonel. Mr. Frontov received a Candidate of Science degree, which is equivalent to a Ph.D., from the Radio Engineering Department of the Leningrad Military Engineering Academy. Mr. Frontov also received a master's degree in public management from the Academy of National Economy under the Government of the Russian Federation. Mr. Frontov also received a law degree from the Russian Law Academy.

Valery P. Goldin has served as Vice President of International Relations of our company since August 1996, and served as a member of our board of directors from September 1996 until July 2001. From October 1992 to September 1996, Mr. Goldin served as Assistant to the President of our company, with responsibilities for external economic relations. From 1970 until joining our company in 1992, Mr. Goldin served in various capacities at the Mintz Radio Technical Institute, including as research associate, senior engineer, senior research associate and chief of laboratory where he conducted research in radio physics and wave and particle propagation in different media, as well as computer assisted processing of information. Mr. Goldin graduated from the Moscow Physics and Engineering Institute and received a Candidate of Science degree in Physics and Mathematics from the Kharkov Institute of Physics and Technology.

Alexander Gersh was elected as a member of our audit commission on June 27, 2003. Mr. Gersh is currently the Chief Financial Officer of NextiraOne LLC, a position that he has held since September 2002. Previously, he was the Chief Financial Officer of Transora from 2001 until 2002. From 1998 through 2001, Mr. Gersh was Chief Financial Officer of BT Cellnet, a subsidiary of British Telecommunications Plc, which is one of the largest European cellular service providers and Chief Financial Officer of BT Europe for British Telecommunications Plc. From 1994 through 1997, Mr. Gersh served as Finance Director for Europe, the Middle East and Africa and Chief Financial Officer of St. Petersburg Telecom, a subsidiary of Motorola, Inc. Mr. Gersh is a member of the Institute of Certified Public Accountants. Mr. Gersh graduated with a B.A. from Baruch College (City University of New York).

Knut Giske was elected as a member of our audit commission on June 27, 2003. Mr. Giske currently serves as Vice President of Finance of Telenor Mobile, a position that he has held since 2000. Prior to joining Telenor, Mr. Giske spent nine years with Arthur Andersen & Co, as an auditor, senior auditor and manager. Mr. Giske graduated with a B.A. from the Norwegian School of Management and an MBA in Finance from Northern Illinois University. Mr. Giske is a Certified Public Accountant.

Nigel J. Robinson has been a member of our audit commission since July 2001. Mr. Robinson currently serves as the Director of Corporate Development Finance and Control of Alfa Group, a position that he has held since January 2000 and is responsible for overseeing the financial control and corporate governance structures of Alfa Group's holding company and its subsidiary structures. Mr. Robinson serves on the Supervisory Board of the Consortium Alfa Group and on the supervisory boards of three of Alfa Group's major subsidiary structures. Prior to joining Alfa Group, Mr. Robinson spent six years with Price Waterhouse (now PricewaterhouseCoopers) in the firm's audit and business advisory group: four years in the firm's Moscow office and two years as a senior manager responsible in the firm's St. Petersburg office. Mr. Robinson trained and qualified as a Chartered Accountant with Touch Ross, London, U.K., and is a member of the Institute of Chartered Accountants in England and Wales. Mr. Robinson received a diploma in accounting from Norwich City College of Further and Higher Education in the United Kingdom.

B. Compensation

We paid our directors, senior managers and audit commission members an aggregate of approximately US$4.43 million for services in all capacities provided during 2002. In addition, we disclosed in a Russian annual report, prepared in accordance with Russian law, that we paid our directors and the CEO and General Director of our company approximately US$3.64 million in 2002. This figure includes all compensation paid to the CEO and General Director and the other members of the board of directors, as well as reimbursed expenses for participating in meetings of the board of directors and compensation of relevant associated costs. The Russian annual report was made available to our shareholders in our offices until the date of the annual general meeting of shareholders on June 27, 2003. Except as disclosed above, we do not disclose to shareholders or make public the compensation of our senior management. In addition, except as disclosed in our Russian annual report, disclosure of compensation of our senior management is not required by Russian law.

In light of recent corporate governance legislative reform, our shareholders approved at the annual general meeting of shareholders on June 27, 2003 a new compensation arrangement for directors to reflect their increased responsibilities. Specifically, each independent director will now receive annual compensation of US$50,000. Each director who is not independent will receive annual compensation of US$20,000. All of our directors will be reimbursed for expenses incurred in connection with service as a member of our board of directors. Prior to the approval of this new compensation arrangement, directors who were also employees received US$500 for participating in our board meetings, whether conducted in person, by telephone or by written consent and directors who were not also employees received US$2,500 for participating in board meetings in person and US$500 for participating in board meetings that took place by telephone or written consent.

In addition, directors who are not employees may participate in a phantom stock plan, pursuant to which they each receive up to a maximum of 6,000 phantom ADSs. The number of phantom ADSs to be granted to each director is set by the board of directors. The phantom ADSs, which do not involve actual ADSs or shares of common stock, may be redeemed for cash on the date the director ceases to be a director; provided, however, that directors who are re-elected to the board of directors may redeem such phantom ADSs at any time from the date of his or her re-election to the date he or she is no longer a director. A director, upon redemption of a phantom ADS, will receive, for each phantom ADS, cash in an amount equal to:

- the amount that the average closing price of one of our ADSs quoted on the NYSE for the three-month period immediately prior to the date of redemption, exceeds
- the closing price of one of our ADSs quoted on the NYSE on the date preceding the grant date of the phantom ADS; provided, however, that the amount paid to a director upon redemption may not exceed US$10.00 per ADS per year for each one-year term served by the director.

This phantom stock plan for directors replaces the plan that was approved by the shareholders in 1998. As of March 31, 2003, an aggregate of 23,500 phantom ADSs had been granted to our directors under our previous phantom stock plan, of which 23,500 are currently redeemable or are redeemable within 60 days of the date of this Annual Report on Form 20-F.

Our senior managers participate in a separate phantom stock plan, pursuant to which they receive phantom ADSs in an amount determined by our CEO. Our board of directors determines the aggregate amount of phantom ADSs that our CEO may grant to our senior managers in each calendar year. For 2003, the board of directors has authorized our CEO to grant up to 150,000 phantom ADSs to our senior managers. Phantom ADSs granted under the plan for our senior managers have a term of three years. A senior manager, upon redemption of a phantom ADS, will receive, for each phantom ADS, cash in an amount equal to:

- the amount that the average closing price of one of our ADSs quoted on the NYSE for the three-month period immediately prior to the date of redemption, exceeds
- the closing price of one of our ADSs quoted on the NYSE on the date preceding the grant date of the phantom ADS; provided, however, that the amount paid to a senior manager upon redemption may not exceed US$10.00 per ADS per year for each one-year term served by the senior manager.

A senior manager may redeem up to 50% of the phantom ADSs granted to him or her on or after the first anniversary of the grant date. The remaining 50% of the phantom ADSs may be redeemed on or after the second anniversary of the grant date. In the event of the termination of employment of a senior manager, any phantom ADSs that have not yet become redeemable will terminate. Our board of directors may also decide to grant phantom ADSs to our CEO under the plan for our senior managers. As of March 31, 2003, an aggregate of 120,000 phantom ADSs had been granted to our senior managers. None are currently redeemable or will become redeemable within 60 days of the date of this Annual Report on Form 20-F. No phantom ADSs have been issued to our CEO and General Director.

Our senior managers and members of our audit commission are eligible to participate in our 2000 stock option plan, which is discussed below in "— E. Share Ownership."

In light of recent corporate governance legislative reform, our shareholders approved at the annual general meeting of shareholders on June 27, 2003 a new compensation arrangement for audit commission members to reflect their increased responsibilities. Specifically, the chairman of our audit commission will receive annual compensation of US$50,000 and each of the other members of our audit commission will receive annual compensation of US$20,000. All of the members of our audit commission will be reimbursed for expenses incurred in connection with service as a member of our audit commission. Prior to the approval of this new compensation arrangement, the members of the audit commission received annual compensation in the amount of US$3,000 plus US$500 for participating in each audit commission meeting. In addition, the members of our audit commission were reimbursed for expenses incurred in connection with service on our audit commission.

We have entered into indemnification agreements with each of our directors, senior managers and members of our audit commission pursuant to which we have agreed to indemnify each of them for all expenses incurred in connection with claims, suits or proceedings arising out of his or her performance of his or her duties as a director, senior manager or member of our audit commission.

We have obtained insurance on behalf of our senior managers, directors and members of our audit commission for liability arising out of their actions in their capacity as a senior manager, director or member of our audit commission.

We do not have any pension, retirement or similar benefit plans available to our directors, senior managers or audit commission members.

C. Board Practices

Our board of directors currently consists of nine persons, four of whom were nominated by Alfa Group, four of whom were nominated by Telenor and one of whom was nominated by Telenor and approved by Alfa Group. The members of our current board of directors were elected at the June 27, 2003 annual general meeting of our shareholders and will serve until our next annual general meeting of shareholders in 2004, unless the board in its entirety is terminated prior to the expiration of its term upon a decision of our shareholders. In accordance with Russian law, if a board member submits a resignation, the resignation should be accepted by shareholders at a general meeting in order to be effective.

We have not entered into any service contracts with any of our current directors providing for benefits upon termination of employment.

We have entered an agreement with Augie K. Fabela II, a co-founder of our company, providing for certain benefits upon the occurrence of certain events. Upon Mr. Fabela's stepping down as Chairman and a member of our board of directors, which was effective on May 15, 2002, we agreed to pay him a retainer of approximately US$200,000 per year to remain available to our company for a period of five years as Chairman Emeritus. In addition, we will provide Mr. Fabela with certain other in-kind benefits, including the use of office space and support staff.

Our management advisory committee, which is chaired by our CEO and General Director, has the authority to implement the decisions of our shareholders and board of directors and to advise the CEO and General Director on the management of our day-to-day activities. The management advisory committee comprises our senior managers, and all decisions of this management advisory committee remain subject to the approval or veto of our CEO and General Director.

Our audit commission is currently comprised of Alexander Gersh, Knut Giske and Nigel Robinson. We are required under Russian law and our charter to maintain an audit commission. Our audit commission assists our company with oversight responsibility and reviews our systems of internal controls and our auditing, accounting and financial reporting processes. Under Russian law and our charter, members of our audit commission may not simultaneously serve as members of our board of directors or hold other offices in our management, such as our CEO or General Director.

Our finance committee is responsible for approving the annual budget and certain financial transactions.

D. Employees

As of December 31, 2002, we had 2,912 full time and contract employees working for us in various capacities, including 10 in executive and managerial positions, 686 in engineering and construction, 349 in sales and marketing, 264 in administration and other support functions, 211 in finance, 1,023 in subscriber service, 31 in site acquisitions and regional projects and 338 in our products department. We had 3,174 and approximately 1,115 full time and contract employees working for us in various capacities as of December 31, 2001 and 2000, respectively. We have established a profit sharing program for our non-executive and managerial employees. We have not experienced any work stoppages and consider relations with our employees to be good.

E. Share Ownership

As of March 31, 2003, our directors and senior managers beneficially owned an aggregate of 131,700 shares of our common stock, representing approximately 0.28% of our voting stock. As of March 31, 2003, none of our directors or senior managers beneficially owned more than 1% of any class of our capital stock.

In December 2000, we adopted the VimpelCom 2000 stock option plan. The purpose of the plan is to grant options to our officers, employees, directors and consultants to acquire shares of our company. Options are granted by VC ESOP N.V., an indirect wholly -owned subsidiary of our company. Our stock option plan is administered by a three-person committee, appointed by VC ESOP N.V., that 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 stock option plan authorizes the issuance of options to acquire up to 250,000 of our shares of common stock. As of May 31, 2003, 107,625 options to acquire shares of our common stock were outstanding, of which 79,875 are currently exercisable or are exercisable within 60 days of the date of this Annual Report on Form 20-F.

The exercise prices of the 107,625 options outstanding as of May 31, 2003 ranged from US$23.60 per share (US$17.70 per ADS), to US$42.04 per share (US$31.53 per ADS). The options granted vest at varying rates over two to three year periods and vesting periods for certain employees will be accelerated if certain events specified in the stock option plan occur. The 78,375 currently exercisable options outstanding as of May 31, 2003 are exercisable until dates ranging from December 2001 to December 2004.

If a plan participant ceases to be an employee of our 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 have the right to exercise vested options for the earlier of 45 days after the date of termination of employment and December 22, 2004.

In case of death or permanent disability of a plan participant, his or her beneficiaries will automatically acquire the right to exercise those options that have vested prior to the death or permanent disability for the earlier of 190 days and 90 days in the event of death and permanent disability, respectively, and December 22, 2004.

If a plan participant ceases to be an employee of our company or any of our affiliates for cause, then the right to exercise options will terminate immediately unless waived by the stock option committee discussed above.

ITEM 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth information regarding those shareholders of our company that we know beneficially owned 5% or more of either class of our capital stock as of May 31, 2003. As of May 31, 2003, we had 40,332,201 issued and outstanding shares of common stock and 6,426,600 issued and outstanding shares of preferred stock. None of our major shareholders have different voting rights.

Shareholder	Number of Common Shares	Percent of Common Stock	Number of Preferred Shares	Percent of Voting Stock
Telenor East Invest AS (1)	11,689,713	28.98%	—	25% plus 13 shares
Eco Telecom Limited (2)	5,263,102	13.05%	6,426,600	25% plus two shares

(1) As reported on Schedule 13D, Amendment No. 16, dated November 26, 2002, filed by Telenor East Invest AS with the Securities and Exchange Commission. Telenor has been granted registration rights with respect to the shares of common stock held by it.

(2) As reported on Schedule 13D, dated on January 31, 2002, filed by Eco Telecom Limited, part of the Alfa Group of companies, with the Securities and Exchange Commission. Each share of our preferred stock is entitled to one vote. Eco Telecom Limited has been granted registration rights with respect to the shares of common stock held by it.

Significant changes in the percentage ownership held by our major shareholders during the last three years are set forth below in "– B. Related Party Transactions."

Based on the holdings of our common stock at May 31, 2003, we estimate that approximately 50% of our common stock was held in the United States by The Bank of New York, as depositary on behalf of approximately 5,600 holders of ADSs.

B. Related Party Transactions

Alfa Group/Telenor Transaction

Overview

On November 5, 2001, Alfa Group, through Eco Telecom Limited, part of the Alfa Group of companies, completed the purchase of 5,150,000 newly-issued shares of our common stock for US$103 million. Pursuant to the terms of the transaction agreements, which were signed on May 30, 2001, we contributed this US$103 million (together with an additional US$15.64 million of our own funds, at the exchange rate as of the date of contribution) as equity to VimpelCom-Region, representing the first of three tranches of equity investments in which VimpelCom-Region will raise up to US$337 million.

In addition to Alfa Group's purchase of newly-issued shares from our company, on November 5, 2001, Alfa Group also purchased 6,426,600 shares of our preferred stock and 113,102 shares of our common stock, for an aggregate consideration of approximately US$26.9 million, from entities controlled by Dr. Dmitri Zimin, our founder and honorary President. In addition, in order to maintain its percentage ownership interest in our company, Telenor purchased 3,744 shares of our common stock that we were holding as treasury shares for a purchase price of approximately US$74,880 and 1,233,369 shares of our common stock from entities controlled by Dr. Zimin, for approximately US$24.6 million. The foregoing transactions resulted in Alfa Group owning 25% plus two shares of our voting capital stock and Telenor owning 25% plus 13 shares of our voting capital stock.

On December 3, 2001, as contemplated by the agreements signed on May 30, 2001, VimpelCom-Region sold to Alfa Group 1,323 newly-issued shares of Type-A convertible voting preferred stock of VimpelCom-Region for an aggregate purchase price of approximately US$442.40. In addition, on December 3, 2001, we sold to Alfa Group one share of common stock of VimpelCom-Region for a purchase price of 1,196,000 rubles, or approximately US$40,000. These acquisitions resulted in Alfa Group owning 25% plus one share of the outstanding voting capital stock of VimpelCom-Region as of December 3, 2001.

On November 12, 2002, the second tranche of equity investments in VimpelCom-Region was completed when Alfa Group, Telenor and our company each purchased 1,462 newly-issued shares of common stock for a consideration of US$58.48 million each. In addition, the preferred stock beneficially owned by Alfa Group was redistributed among Alfa Group, our company and Telenor so that each party owns the same percentage of the voting capital stock of VimpelCom-Region that each would have owned had the preferred stock not been issued to Alfa Group. Following the completion of the second tranche of equity investments in VimpelCom-Region and the redistribution of the preferred stock, we owned approximately 65% of the outstanding voting capital stock of VimpelCom-Region, while Alfa Group and Telenor each owned approximately 17.5% of the outstanding voting capital stock of VimpelCom-Region. The third and final tranche of equity investments is scheduled to be completed in November 2003 (subject to extension in certain cases), pursuant to which Alfa Group is to invest an additional US$58.52 million as equity in VimpelCom-Region. Following the third tranche of Alfa Group's equity investment in VimpelCom-Region, Alfa Group will own 29.8% of VimpelCom-Region's outstanding voting capital stock and we and Telenor will own 55.3% and 14.9%, respectively.

Our shareholders approved at our annual general meeting on May 15, 2002 changes to the original Primary Agreement, dated as of May 30, 2001, by and among our company, VimpelCom-Region, Alfa Group and Telenor, as well as certain other matters relating to the financing of VimpelCom-Region. The amended Primary Agreement and related documentation, effective as of May 15, 2002, provide, among other things, that:

- We will provide VimpelCom-Region with a combination of secured loans, guarantees of VimpelCom-Region debt and/or leases of equipment and other assets with a total value of up to US$92 million, and each with terms of up to six years, either directly or through a subsidiary. The value of the leases will be the depreciated value of the equipment and other assets determined when entering into the leases. We will also provide VimpelCom-Region with unsecured credits, either directly or through a subsidiary, of up to US$30 million, with terms up to six years.

- To the extent that external financing is not obtained by February 2005 in an amount necessary to meet VimpelCom-Region's five-year funding plan, VimpelCom-Region will give each of its shareholders the opportunity to contribute to its capital in the amount of cash necessary to make up the funding shortfall on a pro rata basis. In exchange for such capital contribution, each contributing shareholder will receive newly-issued shares of common stock of VimpelCom-Region. If any shareholder does not exercise its right to make such contribution in full, the other shareholders will have the right to contribute all or a portion of such shareholder's funding shortfall on a pro rata basis. The shareholders of VimpelCom-Region are required to vote in favor of and take all actions necessary to effect the issuance of shares of common stock in connection with such contributions, on the condition that the aggregate amount of the additional funds raised by VimpelCom-Region (excluding the capital increases in connection with the closings of the second and third tranches in November 2002 and November 2003) will not exceed US$300 million; and
- VimpelCom-Region's board of directors was disbanded as part of an effort to create a unified management structure of our company and VimpelCom-Region, as discussed below.

Registration Rights

Alfa Group, Telenor and our company also entered into a registration rights agreement on May 30, 2001, which provides Alfa Group and Telenor with demand and piggyback registration rights with respect to our ADSs and shares of our common stock, but not with respect to any warrants or other securities convertible into or exchangeable for our common stock. Demand and piggyback registration rights may be assigned to permitted transferees and other persons who hold, in the aggregate, at least 25% plus one share of our voting capital stock.

Pursuant to the demand registration right, if we receive a written request from Alfa Group or Telenor to effect a registration of ADSs and/or shares of our common stock under the Securities Act, the anticipated aggregate offering price of which exceeds US$20 million, we will (subject to certain exceptions), as soon as practicable after receipt of the demand, use our best efforts to effect a registration covering these securities. The registration rights agreement also provides that we will not, without the prior written consent of Alfa Group and Telenor, include any of our securities, or the securities of any other person, in any such registration.

Pursuant to the piggyback registration right, if we register any of our securities in connection with an underwritten offering and sale for cash, either for our own account or the account of another one of our shareholders exercising its demand registration right, then we will (subject to certain exceptions) include any ADSs and/or shares of our common stock that Alfa Group and/or Telenor requests to be included in that registration. Any single request made by Alfa Group or Telenor pursuant to its piggyback registration right may not exceed an aggregate of 50% of the ADSs or our common stock that it owns at the time of such request, unless it holds less than 7.5% of our issued and outstanding common stock at such time. The piggyback registration right, however, is conditioned on Alfa Group or Telenor, as the case may be, owning or controlling at least 5% of our issued and outstanding common stock.

In addition, the rights and obligations of Alfa Group and Telenor, respectively, under the registration rights agreement (other than indemnification rights and obligations) will terminate on the date that such shareholder owns less than 5% of our issued and outstanding common stock.

The agreements also contemplate piggyback registration rights related to VimpelCom-Region if VimpelCom-Region proposes to register any of its common stock or ADRs under the Securities Act, with certain exceptions.

Call Option on VimpelCom Preferred Stock

Alfa Group has granted us an option to purchase all of the 6,426,600 shares of our preferred stock that it acquired on November 5, 2001 from Overture Limited, an entity controlled by Dr. Zimin. We are entitled to exercise this call option, through a wholly-owned subsidiary, within 90 days of any failure by Alfa Group (subject to certain exceptions) to pay the purchase price for shares of VimpelCom-Region at the closing of the third tranche of its equity investments in VimpelCom-Region. The aggregate exercise price that we are required to pay in order to exercise this call option is two times the aggregate nominal value of the preferred stock. However, in the event that we exercise this call option, we must assume all of Alfa Group's rights and obligations, including any payment obligations, under the preferred stock purchase agreement pursuant to which Alfa Group purchased our preferred stock from Overture Limited. In addition, in connection with any such assumption by our company, if Alfa Group has paid Overture Limited all or a portion of the US$25 million owed by Alfa Group to Overture Limited prior to the date of the stock transfer and assumption, we will be required to pay, or cause to be paid to Alfa Group, the amount that it paid to Overture Limited.

Restrictions on VimpelCom and VimpelCom-Region Share Transfers; Right of First Refusal, Drag Along and Co-Sale Rights Related to VimpelCom-Region Shares

In connection with the agreements signed on May 30, 2001, Alfa Group and Telenor agreed to certain transfer restrictions regarding shares of our company and VimpelCom-Region owned by each of them. These restrictions include a prohibition on transfers to direct competitors of our company and VimpelCom-Region.

Pursuant to the terms of a shareholders agreement, dated as of May 30, 2001, among us, Alfa Group, Telenor and VimpelCom-Region, as amended on May 15, 2002, which we refer to in this Annual Report on Form 20-F as the VimpelCom-Region shareholders' agreement, a VimpelCom-Region shareholder has certain rights and is subject to certain other restrictions on the transfer of its VimpelCom-Region securities, including:

- a right of first refusal in favor of the other shareholders of VimpelCom-Region;
- a "drag-along" obligation to sell that shareholder's VimpelCom-Region securities upon the request of another shareholder of VimpelCom-Region who is selling securities representing more than 50% of VimpelCom-Region's outstanding voting securities;
- a co-sale right in favor of the other shareholders of VimpelCom-Region; and
- certain restrictions on pledging shares.

VimpelCom Board of Directors

Under the terms of a shareholders' agreement, dated as of May 30, 2001, Telenor and Alfa Group have certain rights to nominate candidates to our board of directors. For a summary discussion of Telenor's and Alfa Group's nomination rights, please refer to the section of this Annual Report on Form 20-F entitled "Item 6. – Directors, Senior Management and Employees – A.".

The Unified Management Structure of VimpelCom-Region and Company

On May 24, 2002, the board of directors of VimpelCom-Region was disbanded in favor of a unified management structure with our company. Under this unified structure, the General Director of VimpelCom-Region, Alexei Mischenko, reports to the CEO and General Director of our company, Jo Lunder. Key issues with respect to the business of VimpelCom-Region are referred to the shareholders of VimpelCom-Region. We have agreed to vote our shares of VimpelCom-Region in accordance with decisions approved by at least 80% of all of the members of our board of directors in accordance with the procedural regulations of our board of directors. Management unification is intended to increase the operational synergies between our company and VimpelCom-Region and accelerate the pace of our national expansion.

Under the terms of the VimpelCom-Region shareholders agreement currently in effect, the General Director of VimpelCom-Region is appointed by a simple majority vote of the shareholders of VimpelCom Region. We own and, after the closing of the third tranche of Alfa Group's equity investments in VimpelCom-Region, will continue to own, a majority of the voting shares of VimpelCom-Region. Pursuant to the Procedural Regulations of our board of directors, our CEO/General Director has the sole authority to vote our shares with respect to the appointment of the General Director of VimpelCom-Region.

Possible Business Combination Between Our Company and VimpelCom-Region

Under the terms of the VimpelCom-Region shareholders agreement currently in effect, the review of any potential business combination between VimpelCom-Region and our company can be initiated by any shareholder of VimpelCom-Region that owns at least 25% plus one voting share (and, with respect to Alfa Group, so long as Alfa Group has not failed to pay the purchase price for shares of VimpelCom-Region at the closing of the third tranche of equity investments in VimpelCom-Region). Such review may be initiated at any time after the following have occurred:

- the closing of the third tranche of Alfa Group's equity investments in VimpelCom-Region; and

- the number of VimpelCom-Region's subscribers is equal to or greater than the number of subscribers of our Moscow license area operations.

However, such review cannot be initiated later than November 5, 2007.

In the event of a business combination review initiated pursuant to the VimpelCom-Region shareholders' agreement, we are required to negotiate in good faith with VimpelCom-Region to determine the structure and terms and conditions of the business combination. However under the terms of the VimpelCom-Region shareholders' agreement, we are required to consider, as a possible structure, the acquisition by our company of all of the issued and outstanding shares of capital stock of VimpelCom-Region in exchange for newly-issued shares of common stock of our company, or a wholly-owned subsidiary of our company. To consummate any business combination between our company and VimpelCom-Region, we are also required to obtain a fairness opinion from an appraiser selected in accordance with the procedures set forth in the VimpelCom-Region shareholders' agreement. If:

- the appraiser determines that certain parameters are satisfied (*e.g.*, the fair market value of the equity of our company, excluding the value of our equity interest in VimpelCom-Region, is equal to the fair market value of the equity of VimpelCom-Region and the structure and terms of the proposed business combination, including the applicable share exchange ratio, are fair to our company and our minority shareholders from a financial point of view);
- the ratio of the number of subscribers of our Moscow operations to the number of subscribers of VimpelCom Region is between 1:1 and 1:1.2; and
- we and VimpelCom-Region have negotiated the structure and terms of the business combination,

then we and VimpelCom-Region are required to take the following actions in furtherance of a business combination:

- subject to relevant fiduciary duties and obtaining shareholder, regulatory and other customary and necessary approvals, we and VimpelCom-Region are required to negotiate in good faith and use all commercially reasonable efforts to take all actions necessary to effect the business combination;
- subject to the foregoing, we are required to submit to our shareholders for approval both the business combination and the issuance of capital stock by us, or one of our wholly-owned subsidiaries, or such other entity as we, Telenor and Alfa Group determine; and
- each of Alfa Group, our company and Telenor are required to take all actions within such party's capacity as a shareholder of VimpelCom-Region to approve and effect the business combination.

Non-Competition Agreement

Subject to certain exceptions, Telenor and Alfa Group have agreed not to, and have agreed not to permit any of their respective controlled affiliates to, engage in wireless mobile telecommunications businesses in Russia or own or control, directly or indirectly, more than 5% of the voting capital stock of any person or company engaged in a wireless mobile telecommunication business in Russia, other than our company, VimpelCom-Region, other of our controlled subsidiaries and investments held prior to May 30, 2001. These restrictions apply to Telenor and Alfa Group so long as they own 25% plus one share of our company's or VimpelCom-Region's voting capital stock.

Acquisitions from Telenor

In December 2002, VimpelCom-Region acquired from Telenor and another shareholder 100% of the outstanding shares of Closed Joint Stock Company "Extel", the largest mobile telecommunications service provider in the Kaliningrad region, for a purchase price of approximately US$25.3 million. VimpelCom-Region acquired 49% of these shares from Telenor. In addition, we agreed to extend a US$10 million credit line to Extel to replace an existing credit line previously guaranteed by Telenor.

In January 2003, VimpelCom-Region acquired from Telenor and Open Joint Stock Company "Stavtelecom imeni Kuzminova" 90% of the outstanding shares of StavTeleSot, the largest mobile telecommunications service provider in the Stavropol region, for a purchase price of approximately US$38.8 million. VimpelCom-Region acquired 49% of the shares from Telenor. In addition, we agreed to extend a credit line to StavTeleSot in the amount of approximately US$9.2 million in order for StavTeleSot to repay a bank loan previously guaranteed by Telenor. We also guaranteed StavTeleSot's repayment of US$1.4 million of existing debt owed to Telenor.

Service Obligation Agreements

In April 1999, we entered into a service obligation agreement with a subsidiary of Telenor that requires Telenor to provide us with personnel to perform certain functions, to support the implementation of certain projects initiated by us and to train certain of our personnel. This agreement was amended in February 2002. Secondees provided by Telenor to our company currently include our CEO and General Director, Jo Lunder, and a number of other senior employees with substantial technical and industry expertise. In 2002, we paid approximately US$0.8 million to Telenor under these agreements. In the first quarter of 2003, we paid approximately US$0.3 million to Telenor under these agreements. The agreement specifies the rights and obligations of the parties to any intellectual property developed in connection with the agreement and requires that certain payments be made to Telenor for providing the personnel.

In April 2000, we signed a service obligation agreement with AXF Consulting L.L.C., a company controlled by Mr. Fabela, which is now known as FinMark Strategy Partners, L.L.C. Under this agreement, FinMark Strategy Partners, L.L.C. provides advisory and consulting services to us. Our total costs related to the service obligation agreement in consideration for services rendered were approximately US$804,000 in 2000. In May 2001, we signed an amendment to the service obligation agreement providing for the payment of consulting fees from 2001 through 2003 of US$575,000 per year and a one-time bonus of US$500,000 that has been paid, each of which payments are net of Russian taxes.

Agreements with Combellga and Sovintel

As part of our strategy to attract new large corporate subscribers, we have entered into agreements with competitive local exchange carriers Combellga and Sovintel, which together control over 33% of their market. Sovintel is affiliated with Alfa Group. Telenor indirectly owns 100% of Combellga. In 2002, we paid approximately US$1.9 million to Combellga and approximately US$6.0 million to Sovintel under these agreements. In the first quarter of 2003, we paid approximately US$1.3 million to Combellga and approximately US$1.1 million to Sovintel under these agreements.

In addition, in 2003, VimpelCom-Region entered into an agreement with Sovintel for the construction of our network in St. Petersburg.

Deposits at Alfa Bank

We and VimpelCom-Region maintain some of our bank accounts at Alfa Bank, which is part of the Alfa Group of companies. There is a US$25 million limit on the amount of our cash balances held at, and our advances to, Alfa Bank. On March 31, 2003, we had balances at Alfa Bank in an amount equal to US$2.1 million.

Loans to Employees

We have provided loans to some of our employees, including certain of our senior managers, in order for them to make house or apartment purchases. These loans are unsecured and are interest free. As of December 31, 2002, we had approximately US$368,833 of employee loans outstanding. The loans mature on various dates and the last current repayment date for an outstanding loan in September 2008. No additional loans have been made to employees, and no outstanding loans have been amended or extended, since January 1, 2002.

C. Interests of Experts and Counsel.

Not applicable.

ITEM 8. Financial Information

A. Consolidated Statements and Other Financial Information

See “Item 18 – Financial Statements” and the financial statements referred to therein.

B. Significant Changes

Other than as disclosed below, there have not been any significant changes since the date of the audited financial statements included as part of this Annual Report on Form 20-F.

On May 20, 2003, we issued ruble-denominated bonds through LLC VimpelCom Finance, a consolidated Russian subsidiary of our company, in an aggregate principal amount of 3 billion rubles, or approximately US$97 million at the Central Bank of Russia exchange rate on May 20, 2003. The bonds are guaranteed by VimpelCom-Region. The bonds are due May 16, 2006 and bondholders have a put option exercisable on May 18, 2004 at 100% of nominal value of the bonds. Interest on the bonds is payable semiannually. The annual interest rate for the first two interest payments is 8.8%. The interest rate for subsequent interest payments will be determined by LLC VimpelCom Finance no later than May 7, 2004, which is ten days before the second interest payment is due. The proceeds of the offering will be used for financing or refinancing the business operations of VimpelCom-Region and its consolidated subsidiaries, including repayment of the credit facility discussed below.

In April 2003, VimpelCom-Region received an unsecured ruble-denominated credit facility from Raiffeisenbank of 640 million rubles, of which a total of 585 million rubles, or approximately US$18.9 million at the Central Bank of Russia exchange rate on May 14, 2003, was drawn. VimpelCom-Region repaid the amounts outstanding under this credit facility with the proceeds from the ruble bond issuance. The credit facility bore interest at 14% per annum.

On May 29, 2003, we furnished to the SEC under cover of Form 6-K a press release summarizing our financial and operating results for the quarter ended March 31, 2003.

Item 9. The Offer and Listing

A. Offer and Listing Details

Price history

Each of our ADSs represents three-quarters of one share of our common stock. The following table sets forth, for the periods indicated, the reported high and low sales prices for our ADSs on The New York Stock Exchange and our common stock on the Russian Trading System, or RTS. There has been very limited trading of our common stock on the RTS.

	New York Stock Exchange Price Range of our ADSs		Russian Trading System Price Range of our Common Stock	
Year Ended December	High	Low	High	Low
1998	US$ 59.44	US$ 4.31	—	—
1999	US$ 45.88	US$ 12.19	—	—
2000	US$ 53.19	US$ 12.06	US$ 40.75	US$ 22.00
2001	US$ 28.60	US$ 12.50	US$ 19.75	US$ 19.75
2002	US$ 36.40	US$ 20.62	US$ 45.05	US$ 32.00
	High	**Low**	**High**	**Low**
2001:				
First quarter	US$ 19.30	US$ 12.99	—	—
Second quarter	US$ 18.90	US$ 12.50	US$ 19.75	US$ 19.75
Third quarter	US$ 19.75	US$ 14.05	—	—
Fourth quarter	US$ 28.60	US$ 15.85	—	—
2002:				
First quarter	US$ 34.75	US$ 25.30	US$ 40.00	US$ 40.00
Second quarter	US$ 32.75	US$ 22.26	—	—
Third quarter	US$ 27.50	US$ 20.62	US$ 32.00	US$ 32.00
Fourth quarter	US$ 36.40	US$ 23.65	US$ 45.05	US$ 45.05
2003:				
First quarter	US$ 39.85	US$ 30.00	US$ 47.00	US$ 41.70

	New York Stock Exchange Price Range of our ADSs		Russian Trading System Price Range of our Common Stock	
2002:	**High**	**Low**	**High**	**Low**
Month Ended				
December	US$ 36.40	US$ 30.58		
2003:				
Month Ended				
January	US$ 37.98	US$ 30.00	US$ 47.00	US$ 41.70
February	US$ 37.98	US$ 30.87	US$ 45.25	US$ 45.25
March	US$ 39.85	US$ 33.85	US$ 46.00	US$ 46.00
April	US$ 41.80	US$ 34.75	US$ 47.00	US$ 47.00
May	US$ 46.30	US$ 38.98	—	—
June (through June 20)	US$ 41.83	US$ 46.27	—	—

On June 20, 2003, the closing price per ADS on The New York Stock Exchange was US$44.96.

B. Plan of Distribution

Not required.

C. Markets

Our ADSs have been listed and traded since November 15, 1996 on The New York Stock Exchange under the symbol “VIP.” The New York Stock Exchange is the principal trading market for the ADSs. In July 2000, the RTS approved the listing of our common stock. Our common stock began trading on the RTS on July 14, 2000. The convertible bonds have been listed and traded on The New York Stock Exchange under the symbol “VIP 05” since July 25, 2000.

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 charter, certain provisions of Russian law relating to our organization and operation, and some of the terms of our capital stock based on provisions of our current charter, applicable Russian law and certain agreements relating to our capital stock. Although we believe that we have summarized the material terms of our charter, Russian legal requirements, and our capital stock, this summary is not complete and is qualified in its entirety by reference to our charter, applicable Russian law and the agreements relating to our capital stock.

Open Joint Stock Company

We were founded as a closed joint stock company in September 1992 and reorganized into an open joint stock company in July 1993. The primary difference between these two types of entities relates to the issuance and transferability of shares. Shares of an open joint stock company are freely transferable and may be offered to the public, while shares of a closed joint stock company are subject to certain transfer restrictions and may not be offered to the public. Our initial charter was registered with the Moscow Registration Chamber and our registration number is 015624. On August 28, 2002, we were entered by the Russian Ministry for Taxes and Excise into the Unified State Register of Legal Entities Registered Prior to July 1, 2002 under state registration number 1027700166636.

As of the date of this Annual Report on Form 20-F, our charter capital is 233,794.005 rubles, consisting of 40,332,201 issued and outstanding shares of common stock, with a nominal value of 0.005 rubles each, and 6,426,600 issued and outstanding shares of preferred stock, with a nominal value of 0.005 rubles each. Shares of our common stock held by our subsidiaries are treated as treasury shares for U.S. GAAP purposes but are not treated as such for purposes of Russian law. None of our shares of common or preferred stock are held in treasury for purposes of Russian law. Our charter authorizes us to issue an additional 49,667,799 shares of common stock, with a nominal value of 0.005 rubles each. As our shares of common stock and preferred stock have equal voting rights, we sometimes refer to them collectively as voting shares. Under Russian law, the total nominal value of all outstanding shares of our preferred stock may not exceed 25% of our charter capital.

Our Goals and Objectives

As set forth in Article 4.1 of our charter, we have the following goals:

- research, design and manufacture of radioelectronic communication systems and their components;
- operation and offering of services of national and international wireless telecommunications in Moscow, as well as in various parts of Russia and the Commonwealth of Independent States;
- establishment of joint-venture companies, telephone companies, and other companies and enterprises for the purpose of establishment and operation of systems of telecommunications in various parts of Russia and the Commonwealth of Independent States; and
- earning profit.

As set forth in Article 4.2 of our charter, we have the following objectives:

- research and design in the field of radioelectronic systems, or RES, of communication, informatics, telematics and in the related fields of science and technology;
- creation of means and systems of communication, including rapid-deploying systems of radiotelephone communication for fixed and mobile subscribers, designs, systems of cable, trunks, fiber-optic, point-to-point, satellite and other types of communication systems, creation of teleports and telecommunication networks;
- design, engineering and manufacture of the radioelectronic equipment for RES systems;
- designs in the field of new standards and software and hardware complexes for satellite and ground types of systems of communication;
- provision of communication services to companies and individuals in Russia and abroad on the basis of commercial use of established communication systems including different types of cellular, cable, trunks, fiber-optic, point-to-point, satellite and other types of communication systems, including international communication systems;

- provision of consulting and information services, engineering and marketing, investment and innovation activities, leasing, provision of dealer, distributorship, broker and agency representation services;
- carrying out commercial operations with know-how, scientific and technical products and information, including receipt and distribution of licenses;
- publishing activities, provision of advertisement and other activities for the purpose of dissemination of information on our activities and our partners in joint projects;
- organization of personnel training and re-training, conducting seminars, schools of business, organization of courses on the objective of our activities;
- participation in establishment of new enterprises to assist in achieving our goals in accordance with applicable legislation;
- carrying out independent foreign economic activity in accordance with applicable legislation of the Russian Federation, in particular, export-import and purchasing agency operations;
- carrying out leasing activity, including as a leasing company; and
- carrying out any other activity not prohibited by applicable law.

Common Stock

Except for treasury shares (as defined under Russian law), each fully paid share of common stock entitles its holder to:

- participate in shareholder meetings;
- have one vote on all issues voted upon at a shareholder meeting;
- receive dividends recommended by the board of directors and approved by the shareholders;
- in the event of our liquidation, receive a pro rata share of our assets remaining after settlement with our creditors and payment of the fixed liquidation value on our preferred stock; and
- exercise any other rights of a shareholder set forth in our charter and Russian law.

Preferred Stock

Except for treasury shares (as defined under Russian law), each fully paid share of preferred stock entitles its holder to:

- participate in shareholder meetings;
- have one vote on all issues voted upon at a shareholder meeting;
- receive an annual fixed dividend of 0.001 ruble per share of preferred stock to the extent sufficient funds are available;
- in the event of our liquidation, receive a fixed liquidation value of 0.005 rubles per share of preferred stock; and
- exercise any other rights of a shareholder set forth in our charter and Russian law.

Additionally, each fully paid share of preferred stock is convertible into one share of common stock at any time after June 30, 2016 at the election of the holder of the preferred stock. Upon conversion, the holder must pay us a conversion premium equal to 100% of the market value of one share of common stock at the time of conversion. As of the date of this Annual Report on Form 20-F, all of the issued and outstanding shares of our preferred stock are owned by Alfa Group. See "Item 7 – Major Shareholders and Related Party Transactions – A. Major Shareholders" and "– Related Party Transactions".

Shareholder Meetings

The rights of shareholders are set forth in the Russian Federal Law on Joint Stock Companies and in our charter. Shareholders have the right to decide only those issues expressly set forth in the Russian Federal Law on Joint Stock Companies. These issues include:

- charter amendments;
- a reorganization and liquidation;
- the election or removal of members of the board of directors;
- the determination of the maximum number of shares of common stock and preferred stock, as well as the nominal value and category (type) of, and rights provided by, such shares;
- an increase or decrease of our charter capital; and
- certain transactions with interested parties and certain major transactions.

Voting at our shareholder meetings is conducted on the principle of one vote per each share of common or preferred stock. However, the election of the board of directors is conducted by cumulative voting. The holders of common stock and the holders of preferred stock vote together as a single class. Decisions at our shareholder meetings are taken by the affirmative vote of at least a majority of votes present, except as specifically provided in the Russian Federal Law on Joint Stock Companies. For instance, the Russian Federal Law on Joint Stock Companies and our charter require the affirmative vote of at least 75% of the voting shares present at a shareholders meeting to approve certain decisions, including the following:

- charter amendments;
- a reorganization or liquidation;
- the appointment of a liquidation commission;
- the approval of interim and final liquidation balance sheets;
- major transactions involving assets in excess of 50% of the balance sheet value of our assets, calculated in accordance with Russian accounting standards;
- the determination of the maximum number of shares of common stock and preferred stock, as well as the nominal value and category (type) of, and the rights provided by, such shares;
- the acquisition of our outstanding shares as provided for by Russian law; or
- any issuance of shares of our common stock or preferred stock or securities convertible into shares of our common stock.

The quorum requirement for our shareholder meetings is met if more than 50% of the voting shares are present. If the 50% quorum requirement is not met, another shareholder meeting will be scheduled and the quorum requirement will be satisfied if at least 30% of the voting shares are present.

Shares of our common stock held by any of our subsidiaries are not considered to be treasury stock under Russian law. We have implemented the following procedures to ensure that shares of our common stock held by our subsidiaries will not dilute the voting rights of existing shareholders and to help us ensure that a quorum is present at shareholder meetings. Any subsidiary that holds shares of our common stock will ensure that the shares will be considered present at shareholder meetings for purposes of calculating a quorum and will vote such shares pro rata in accordance with the votes submitted by all other holders of shares. For example, if X% of shares (other than shares held by our subsidiaries) vote in favor of a decision and Y% vote against it or abstain from voting while being present, shares held by our subsidiaries will be voted X% for and Y% against the decision. If for any reason this mechanism cannot be implemented, then we will ensure that shares owned by our subsidiaries will not be present or voted at any shareholder meeting .

Annual shareholder meetings must be convened by the board of directors between March 1 and June 30 of each year and the agenda must include the following items:

- the election of members of the board of directors;
- the election of members of the audit commission;
- the approval of an independent auditor;
- the approval of the annual reports;
- the approval of the annual financial statements including the profit and loss statement; and
- the distribution of profits and losses.

Any shareholder or group of shareholders owning in the aggregate at least 2% of our voting shares may introduce proposals to the agenda of an annual shareholder meeting and may nominate candidates to the board of directors and the audit commission. Any proposals or nominations, together with certain other information, including information regarding nominees, must be provided to us by January 30 of each year in order to be included on the agenda.

Extraordinary shareholder meetings may be convened by the board of directors, or at the request of the audit commission, independent auditor or any shareholder or group of shareholders owning in the aggregate at least 10% of the voting shares as of the date of the request.

Notice and Participation

All shareholders entitled to participate in a shareholder meeting must be notified of a meeting no less than 30 days prior to the date of the meeting, unless a longer period is required by applicable law. All notices, including notifications on convening a shareholder meeting, must be sent to each person included on the list of persons that have the right to participate in the shareholder meeting, by registered mail or personal delivery against a receipt at the address specified in our shareholder register, or at such other address of which any such person has informed the board of directors in writing. The agenda may not be changed after its distribution to shareholders. The board of directors shall be responsible for taking all measures necessary to convene a shareholder meeting in accordance with applicable law.

Foreign Shareholders

Foreign persons registered as individual entrepreneurs in Russia who, and foreign companies that, acquire shares in a Russian joint stock company must notify the Russian tax authorities within one month following such acquisition if they are already registered with the Russian tax authorities at the time of acquisition. Russian law is unclear as to whether foreign persons and companies that are not registered with the Russian tax authorities at the time of their share acquisitions must register solely for the reason of such acquisitions. Other than these requirements, there are no requirements or restrictions with respect to foreign ownership of our shares.

Dividends and Dividend Rights

Russian law governs the amount of dividends we may distribute to our shareholders. Under the Russian Federal Law on Joint Stock Companies, dividends may only be paid out of our net profits for the current year, calculated in accordance with Russian accounting standards; provided, however, that:

- our charter capital has been paid in full;
- the value of our net assets, calculated in accordance with Russian accounting standards, is not less than the sum of, and would not, as a result of payment of the dividends, fall below the sum of:
  - our charter capital;
  - our reserve fund, which is described in greater detail below; and
  - the difference between the liquidation value set forth in our charter and the nominal value of the issued and outstanding shares of our preferred stock;
- we have repurchased all shares from shareholders who have exercised their right to require us to repurchase their shares, as provided by Russian law; and
- we are not, and will not become as a result of the payment of dividends, insolvent (as defined under Russian law).

The declaration of dividends, which may be quarterly, semi-annually, every nine months or annually, must be approved by the affirmative vote of holders of at least a majority of our voting shares at a shareholder meeting, based upon the recommendation approved by at least two-thirds of our board of directors. The dividends approved at a shareholder meeting may not be more than the amount recommended by our board of directors. Dividends are not payable on treasury shares (as such term is defined under Russian law).

Each fully paid share of preferred stock entitles its holder to receive an annual fixed dividend of 0.001 ruble per share of preferred stock to the extent there are sufficient funds available. We must pay dividends in full on our preferred stock before making any payments of dividends on our common stock. Dividends on our preferred stock are not cumulative. We may pay dividends on our preferred stock from funds specifically reserved for this purpose.

Share Capital Increase

Pursuant to Russian law, we may increase our charter capital by issuing additional shares, provided that sufficient shares of that class are authorized, or by increasing the nominal value of a class of shares. A decision to effect a charter amendment to increase the number of authorized shares requires the affirmative vote of holders of at least three-quarters of the voting shares present at a shareholder meeting. A decision to increase our charter capital by issuing additional shares or by increasing the nominal value of a class of shares must be approved by the affirmative vote of holders of at least three-quarters of the voting shares present at a shareholder meeting.

The Russian Federal Law on Joint Stock Companies requires that we sell newly-issued shares at market value, except in limited cases in which a specified reduction in price is permitted, for example, in connection with the sale of shares to shareholders exercising preemptive rights. In any event, shares may not be sold for a purchase price less than their nominal value. In the event newly-issued shares are paid for in-kind, the valuation of the in-kind payment must be determined by an independent appraiser.

The FCSM, under the power given to it by the Federal Law on the Securities Market, has issued detailed procedures for the registration and issuance of shares of a joint stock company. These procedures may include:

- the registration of a decision to issue shares, which may require the production of a prospectus;
- public disclosure of certain information about the share issuance;
- the registration and public disclosure of a report on the results of the issuance of the shares, which has been approved by the board of directors.

In addition, the Russian Federal Law on Investor Protection provides that newly-issued shares may not be traded until the report of the results of the issuance of the shares is registered and the shares are fully paid.

Capital Decrease and Share Buy-Backs

Under Russian law, our shareholders that vote against or abstain from voting on certain decisions have the right to sell their shares to us at market value. Our obligation to purchase shares in these circumstances is limited to 10% of our net assets calculated at the time the decision is approved and in accordance with Russian accounting standards. In certain cases, the shares must be immediately canceled and, in other instances, the shares may be held as treasury, but must be re-sold within one year. Decisions that trigger this right to sell shares to us include:

- a reorganization or liquidation;
- the approval by shareholders of a "major transaction", the value of which comprises more than 25% but not more than 50% of our assets (calculated in accordance with Russian accounting standards), in the event that our board of directors was unable to reach a unanimous decision to approve the transaction; and
- the amendment of our charter in a manner that limits shareholder rights.

Under Russian law, we may not reduce our charter capital if, after the reduction, our charter capital would be less than the minimum charter capital required by applicable law. Any decision to reduce our charter capital, whether by repurchasing and canceling shares or by reducing the nominal value of shares, must be approved by at least a majority of voting shares present at a shareholder meeting. Within 30 days of the approval of such a decision, we must issue a written notice of the decision to our creditors and also publish this decision. Our creditors would then have the right to demand, within 30 days of publication of the decision or receipt of our notice, repayment of all outstanding amounts due to them, as well as compensation for damages.

Our board of directors may authorize the repurchase of shares for cash provided that the aggregate nominal value of shares outstanding after the repurchase is at least 90% of the nominal value of the outstanding shares prior to the repurchase. We must either resell the repurchased shares within one year of their repurchase or our shareholders must decide to cancel them and, thereby, decrease our charter capital.

Under the Russian Federal Law on Joint Stock Companies, we may repurchase our issued shares only if, at the time of repurchase:

- our charter capital has been paid in full;
- the value of our net assets, calculated in accordance with Russian accounting standards, is not less than the sum of, and would not, as a result of such repurchase, fall below the sum of:
  - our charter capital;
  - our reserve fund, which is described in greater detail below; and
  - if we are repurchasing shares of our common stock, the difference between the liquidation value of the issued and outstanding shares of our preferred stock set forth in the charter and the nominal value of the issued and outstanding shares of our preferred stock;
- we have repurchased all shares from shareholders who have exercised their right to require us to repurchase their shares, as provided by Russian law; and
- we are not, and will not become as a result of the repurchase, insolvent (as defined under Russian law).

Preemptive Rights and Certain Anti-Takeover Protections

The Russian Federal Law on Joint Stock Companies grants existing shareholders a preemptive right to purchase shares or securities convertible into shares that we propose to sell in a public offering. In addition, Russian law provides that shareholders who vote against or do not participate in the voting on the placement of shares or securities convertible into our shares in a closed subscription (private placement) have a pre-emptive right to acquire shares or convertible securities proportionate to their existing holdings of our shares, except if the shares or securities convertible into shares are placed solely among existing shareholders in proportion to their existing holdings.

We have more than 1,000 holders of ADSs and, accordingly, we comply with the provisions of Russian law applicable to companies with more than 1,000 holders of common stock. Under Russian law, any person intending, individually or jointly with such person's affiliates, to acquire 30% or more of the outstanding shares of common stock, including the number of shares held by such person, of a company with more than 1,000 holders of common stock, is required to notify the company in writing of such intention no earlier than 90 days and no later than 30 days prior to the day of such acquisition. Unless otherwise provided in the charter or a resolution adopted by holders of at least a majority of the voting shares present at a shareholder meeting (excluding the votes of the person who, individually or together with such person's affiliates, has acquired 30% or more of the issued common stock), then within 30 days of such acquisition, the person acquiring the 30% or more interest must make an offer to buy all of the outstanding shares of common stock and/or securities convertible to shares of common stock. Currently, our charter contains a provision stating that these requirements will not apply.

However, our charter provides that any person who, independently or jointly with its affiliates, acquires our voting shares in one or more transactions and, as a result of such transaction or transactions), owns more than 45% of our issued and outstanding voting shares, must make an offer to buy all of the outstanding shares of our common stock at a price no lower than the weighted average price for the purchase of the shares of our common stock, taking into account the prices of purchases on all exchanges and over-the-counter markets on which the shares of our common stock (or ADSs representing shares of our common stock) are traded, during the six months preceding the date when shares of our common stock were acquired in excess of 45% of our issued and outstanding voting shares. Our charter also sets forth the detailed procedures to be followed when making such an offer.

Shareholders' Liability

The Russian Civil Code and the Russian Federal Law on Joint Stock Companies generally provide that shareholders in a Russian joint stock company are not liable for the obligations of the joint stock company and only bear the risk of loss of their investment. However, under Russian law, our shareholders may be jointly and severally liable with us for any of our obligations under a transaction if:

- they have the ability to issue mandatory instructions to us and that ability is provided for by our charter or in a contract between us and them; and
- we concluded the transaction pursuant to their mandatory instructions.

In addition, our shareholders may have secondary liability for any of our obligations if:

- we become insolvent or bankrupt due to their actions or their failure to act; and
- they have the ability to make decisions for us pursuant to their ownership interest, the terms of a contract between us and them, or in any other way.

Board of Directors

Pursuant to our charter, our board of directors consists of nine directors, each of whom shall be elected for a one-year term. The directors in their entirety may be removed at any time and without cause by at least a majority vote of shareholders present at a shareholder meeting.

In accordance with the Russian Federal Law on Joint Stock Companies, the board of directors may decide any issue that does not require a shareholder vote. Pursuant to our charter, meetings of the board of directors require the presence of at least two-thirds of its members, including at least one member nominated by each shareholder owning at least 25% plus one of our voting shares. The charter provides that actions taken by the board of directors require the affirmative vote of at least a majority of its members unless otherwise specified in the charter, the procedural regulations of the board of directors or applicable law. However, the procedural regulations of the board of directors may not reduce the voting requirements specified in the charter or applicable law. The following decisions require the affirmative vote of at least two-thirds of the directors present at a meeting of the board of directors:

- recommending annual dividends to be paid on our common stock; and
- approving the procedure for paying annual dividends on our common stock and preferred stock.

The following decisions require the affirmative vote of at least 80% of all members of the board of directors:

- approving, amending or terminating our internal documents, except for those documents that must be approved by the shareholders at a shareholder meeting;
- acquiring or selling shareholdings in other enterprises;
- approving the annual budget and the business plan, which must include the cost of new lines of business, and any amendments thereto;
- approving any agreements beyond the limits of the approved budget and business plan; and
- appointing and dismissing the President and Chief Executive Officer.

Under the Russian Federal Law on Joint Stock Companies, a unanimous vote of all members of the board of directors is required to effect the registration of a charter amendment to reflect any increase of the charter capital.

Interested Party Transactions

We are required by Russian law and our charter to obtain the approval of disinterested directors or our shareholders for certain transactions with "interested parties." Interested parties are defined by Russian law and include, generally, any persons able to issue mandatory instructions to us, members of our board of directors, our President and Chief Executive Officer, and any shareholder that owns (together with any affiliates) at least 20% of our voting shares, if such person or such person's relatives or affiliates are:

- a party to, or beneficiary of, a transaction with us, whether directly or as a representative or an intermediary;
- the owner of at least 20% of the issued and outstanding voting shares of a legal entity that is a party to, or beneficiary of, the transaction with us, whether directly or as a representative or an intermediary; or
- a member of the board of directors or an officer of a legal entity that is a party to, or beneficiary of, a transaction with us, whether directly or as a representative or an intermediary.

Due to the technical requirements of Russian law, these same parties may also be deemed to be "interested parties" with respect to certain transactions within our group and, therefore, certain transactions between companies within our group required interested party transaction approval.

Because we have more than 1,000 shareholders, the Russian Federal Law on Joint Stock Companies requires that interested party transactions be approved:

- by at least a majority vote of all directors who are not "interested" in the transaction on these issues, excluding our President and Chief Executive Officer; or
- by at least a majority vote of shareholders who are not "interested" in the transaction if:
  - the value of the transaction is equal to 2% or more of the book value of our assets (calculated in accordance with Russian accounting standards);
  - the transaction involves the issuance of voting shares or securities convertible into voting shares in an amount exceeding 2% of our voting shares; or
  - all members of the board of directors are not eligible to vote.

Major Transactions

We are required by Russian law and our charter to obtain the unanimous approval of the members of the board of directors (whether or not present at the meeting) of transactions involving property worth more than 25% but not more than 50% of the book value of our assets, calculated in accordance with Russian accounting standards. In the event that we are unable to obtain such unanimous approval, we are required to obtain the approval of holders of at least a majority of voting shares present at a shareholder meeting. For transactions involving property worth more than 50% of the book value of our assets, calculated in accordance with Russian accounting standards, we are required to obtain the approval of holders of at least three-quarters of the voting shares present at a shareholder meeting.

Liquidation Rights

Under Russian law, the liquidation of a company results in its termination without the transfer of rights and obligations to other persons as legal successors. Pursuant to our charter, we may be liquidated:

- by the affirmative vote of holders of at least three-quarters of the voting shares present at a shareholder meeting;
- by court order; or
- on other grounds provided by legislation.

Once the decision to liquidate has been taken, the right to manage our affairs passes to a liquidation commission. In the case of a voluntary liquidation, the members of the liquidation commission are appointed by shareholders at a shareholder meeting. In the case of an involuntary liquidation, the members of the liquidation commission are appointed by a court. Creditors may file claims within a period to be determined by the liquidation commission. This period shall be at least two months from the date of publication of a notice by the liquidation commission.

Pursuant to the Russian Civil Code, upon a liquidation, the claims of our creditors will be satisfied in the following order of priority:

- individuals to whom we owe funds due to harm to health or life;
- employees;
- secured creditors;
- payments to the budget and non-budgetary funds; and
- other creditors.

In addition, our remaining assets will be distributed among our shareholders in the following order of priority:

- payments to repurchase all shares from shareholders who have exercised their right to require us to repurchase their shares, as provided by Russian law, including from shareholders that either did not participate in the vote or voted against the liquidation and have elected to have their shares repurchased;
- payments of accrued but unpaid dividends on the preferred stock and the liquidation value of the preferred stock; and
- distribution of remaining assets among the holders of common stock on a pro rata basis.

Reserve Fund

Russian law requires that each joint stock company establish a reserve fund, which may only be used to cover the company ’s losses, redeem the company’s bonds that have been issued under Russian law and redeem the company’s shares if other funds are not available. Our charter provides for a reserve fund of 15% of our charter capital, to be funded by annual transfers of 5% of our net profits, calculated in accordance with Russian accounting standards, until the reserve fund has reached this amount. As of December 31, 2002, we had a reserve fund of 35,000 rubles, or approximately US$1,130 at the Central Bank exchange rate on December 31, 2002.

Share Registration, Transfers and Settlement

All of our issued shares are registered. Russian law requires each joint stock company to maintain a shareholder register. Ownership of registered shares is evidenced by entries made in the register. In October 1996, we retained the National Registry Company, a licensed independent registrar jointly owned byComputershare Investments (UK) Limited, Computershare Limited, the European Bank for Reconstruction and Development, the International Finance Corporation, Rosbank (a Russian bank) and Oil Investment Company NIKoil (a Russian financial institution), to maintain our shareholder register, Under the Russian Civil Code, a shareholder may transfer his or her rights in registered shares only in the manner and to the extent prescribed by law. All transfers must be in written form. When making entries on the register, the registrar may not require documents beyond what is required by current regulations. Any refusal to register shares in the name of the transferee or, upon request of the beneficial holder, in the name of a nominee holder, is void and may be disputed as prescribed by law.

C. Material Contracts

The following summary of our material agreements, which are filed as exhibits to this Annual Report on Form 20-F or incorporated by reference into this Annual Report on Form 20-F, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of these agreements.

Telecommunications Licenses

We hold GSM licenses for the Moscow license area and six large geographical areas: the Central and Central Black Earth license area, the North Caucasus license area, the Northwest license area (which includes the City of St. Petersburg), the Siberian license area, the Ural license area and the Volga license area. In addition to the six large regional GSM licenses, we hold GSM licenses for the following six territories, all of which are within our larger regional license areas: Kaliningrad, within the Northwest region; Samara, within the Volga region; Orenburg, within the Ural region; and Stavropol, the Kabardino-Balkarskoy Republic and the Karachaevo-Cherkessk Republic, all within the North Caucasus region. We hold AMPS/D-AMPS licenses for, among others, Novosibirsk, Orenburg and Samara. The principal terms of our GSM licenses and AMPS licenses, including the license area, issue date, start-of-service requirement, expiration date, line capacity requirement and territorial coverage requirement are discussed in "Item 4 – Information on the Company – Licenses" of this Annual Report on Form 20-F. We also hold GPRS licenses and licenses to provide value added service both in the Moscow license area and in the regions. The GSM and AMPS/D-AMPS licenses discussed above, our GPRS and value added services licenses for the Moscow license area and any amendments to these licenses are listed as Exhibits 4.1 through 4.18.3 to this Annual Report on Form 20-F.

Alcatel Vendor Financing Agreements

Our subsidiary, KB Impuls, has entered into a number of vendor financing agreements with Alcatel for the purchase of GSM- 900/1800 network infrastructure equipment and services. We have guaranteed the payment under all of KB Impuls's agreements with Alcatel. The principal terms of our agreements with Alcatel are discussed in more detail in this Annual Report on Form 20-F in "Item 5 – Operating and Financial Review and Prospects – Liquidity and Capital Resources." Our agreements with Alcatel and certain amendments to these agreements are listed as Exhibits 4.19 through 4.49 to this Annual Report on Form 20-F.

Sberbank Credit Lines

In December 2002, Sberbank provided VimpelCom-Region with a five year secured credit line of US$70 million. In 2002, VimpelCom-Region drew down US$39.4 million and as of March 31, 2003, VimpelCom-Region had drawn down the full amount of the credit line. The credit line currently bears interest at a rate of 13% per annum, which may change if certain events occur, such as a change in Russian law or a change in the interest rate of the Central Bank of Russia. The credit line will be repaid on a quarterly basis commencing in November 2004, with the last repayment scheduled for August 2007. The principal terms of VimpelCom-Region's Sberbank credit line are discussed in more detail in this Annual Report on Form 20-F in "Item 5 – Operating and Financial Review and Prospects – Liquidity and Capital Resources." The agreement governing VimpelCom-Region's Sberbank credit line, our guaranty of this credit line and an amendment of our guaranty are listed as Exhibits 4.54 to 4.55.1 to this Annual Report on Form 20-F.

Bayerische/Nordea Credit Line

In January 2003, we entered into a non-revolving credit line agreement with Bayerische Hypo- und Vereinsbank AG and Nordea Bank Sweden AB (publ) with a credit limit of US$35.7 million. The credit line may only be used to finance the acquisition of Ericsson telecommunications equipment. The credit line bears interest at the rate of six-month LIBOR plus 0.7%, which is payable semi-annually. Each of the three tranches under the credit line is repayable in six equal instalments, over a three-year period, which commences approximately four months prior to December 30, 2003, the date when delivery of the equipment that we purchased is completed. The principal terms of our agreement with Bayerische and Nordea are discussed in more detail in this Annual Report on Form 20-F in "Item 5 – Operating and Financial Review and Prospects – Liquidity and Capital Resources." Our agreement with Bayerische and Nordea is listed as Exhibit 4.56 to this Annual Report on Form 20-F**.**

Loan from J.P. Morgan AG

In April 2002, J.P. Morgan completed an offering of 10.45% Loan Participation Notes due 2005 for the sole purpose of funding a US$250 million loan to our company. The Loan Participation Notes are listed on the Luxembourg Stock Exchange and are without recourse to J.P. Morgan. The loan and the Loan Participation Notes will mature in April 2005. Interest on the loan and the Loan Participation Notes is payable semi-annually at an annual rate of 10.45%. The principal terms of the loan agreement are discussed in more detail in this Annual Report on Form 20-F in "Item 5 – Operating and Financial Review and Prospects – Liquidity and Capital Resources". The loan agreement that we entered into with J.P. Morgan is listed as Exhibit 2.3 to this Annual Report on Form 20-F. The trust deed, dated April 26, 2002, between J.P. Morgan and The Bank of New York, as trustee, which governs the rights of holders of the Loan Participation Notes, is listed as Exhibit 2.4 to this Annual Report on Form 20-F.

Investments by Alfa Group and Telenor

The agreements listed as Exhibit 4.68 through 4.86 to this Annual Report on Form 20-F were entered into in connection with our company's, Alfa Group's and Telenor's transaction related to VimpelCom-Region. A brief summary of this transaction is provided in this Annual Report on Form 20-F in "Item 4 – Information on the Company," "Item 5 – Operating and Financial Review and Prospects – Liquidity and Capital Resources" and "Item 7 – Major Shareholders and Related Party Transactions – B. Related Party Transactions – Alfa Group/Telenor Transaction." For a further description of the terms of these agreements and the full text of these agreements, see our Reports of Foreign Issuer filed under cover of Form 6-K with the Securities and Exchange Commission on June 14, 2001 and May 21, 2002.

Acquisitions of StavTeleSot and Extel

In December 2002, VimpelCom-Region acquired from Telenor and another shareholder 100% of the outstanding shares of Extel for a purchase price of approximately US$25.3 million. In January 2003, VimpelCom-Region acquired from Telenor and Open Joint Stock Company "Stavtelecom imeni Kuzminova" 90% of the outstanding shares of StavTeleSot for a purchase price of approximately US$38.8 million. For more information about these acquisitions, please see the sections of this Annual Report on Form 20-F entitled "Item 5 – Operating and Financial Review and Prospects – Liquidity and Capital Resources" and "Item 7 – Major Shareholders and Related Party Transactions – B. Related Party Transactions – Acquisitions from Telenor." The Extel and StavTeleSot acquisition agreements are listed as Exhibits 4.87 and 4.88, respectively, to this Annual Report on Form 20-F.

D. Exchange Controls

The ruble is generally not convertible outside of Russia and the conversion of rubles into foreign currency on the domestic market is subject to Russian currency regulations. Russian currency regulations allow businesses to convert rubles into foreign currency only for certain purposes, such as dividend and interest payments, and require certain regulatory steps to be taken before conversion. Newly adopted rules governing the conversion of rubles into foreign currency add significant uncertainty to the conversion process.

Under current Russian law, foreign investors may transfer abroad income received on investments in Russia, including interest, dividends, and proceeds from the sale of securities, subject to compliance with applicable regulations and payment of all applicable taxes and duties. Most capital transactions with foreign currencies require transaction-specific currency licenses from the Central Bank of Russia. Russian law generally requires a Central Bank license in order to buy or sell ruble-denominated securities in exchange for foreign currency. Specifically, an exchange of ruble-denominated securities for foreign currency between a resident and a nonresident requires a Central Bank license. Consequently, ADS holders not resident in Russia that elect to exchange their ADSs for our common stock may not be able to sell their shares of common stock to a Russian resident in exchange for foreign currency without first obtaining a license. The time and difficulty involved in obtaining a license has substantially limited trade in ruble-denominated securities with settlement in foreign currency between nonresidents and residents. Under Russian law, it is not completely clear whether a license is required for exchanges of ruble-denominated securities for foreign currency between nonresidents. Although the prevailing interpretation of the relevant law is that a license is not required for transactions between nonresidents, in the future the Central Bank could attempt to extend the license requirements. Payments for newly-issued shares made by nonresidents in a foreign currency do not require a license. Consequently, a Russian company is not required to obtain a license in order to sell newly-issued stock to nonresidents for foreign currency.

In order for foreign legal entities to purchase ruble-denominated securities from, and sell ruble-denominated securities to, Russian residents with settlement in rubles, they must first establish a special ruble investment account. Therefore, foreign legal entities holding our ADSs that elect to exchange them for shares of our common stock would have to establish a ruble investment account in order to sell shares of our common stock for rubles. Ruble investment accounts may also be used to receive other ruble deposits in connection with investments in ruble-denominated securities, such as interest or dividends. Subject to payment of all applicable taxes and duties, rubles deposited into ruble investment accounts may be converted into foreign currency and transferred abroad. However, establishing that all applicable taxes and duties have been paid is complicated and difficult and therefore perceived as restricting repatriation and discouraging foreign investors from trading in ruble-denominated securities with Russian residents for settlement in rubles.

There are no limitations imposed by Russian law or our charter with respect to owning, or exercising voting rights of, our common stock or ADSs that are unique to persons not resident in Russia or not citizens or legal entities of Russia.

E. Taxation

The following discussion generally summarizes certain material United States federal and Russian income and withholding tax consequences to a beneficial owner arising from the ownership and disposition of shares of our common stock or ADSs. The discussion which follows is based on (a) the United States Internal Revenue Code of 1986, as amended (the "***Code***"), the Treasury regulations promulgated thereunder, and judicial and administrative interpretations thereof, (b) Russian law and (c) the Convention between the United States of America and the Russian Federation for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital (the ***"U.S./Russia Double Tax Treaty"***), all 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 Russian income and withholding tax consequences to a prospective holder of ADSs or shares of common stock. Each prospective investor is urged to consult its own tax adviser regarding the specific United States federal, state, and local and Russian tax consequences of the ownership and disposition of the ADSs or shares of common stock.

Russian Tax Considerations

The following is a summary of certain Russian tax considerations regarding the purchase, ownership and disposition of the ADSs and shares of common stock. The summary is general in nature and is based on the laws of the Russian Federation in effect as at the date of this filing. The summary does not seek to address the applicability of any double tax treaty relief. In this regard, however, it is noted that there may be practical difficulties involved in claiming double tax treaty relief. Investors should consult their tax advisors with respect to the consequences of an investment in the ADSs and shares of common stock arising under the legislation of the Russian Federation or any political subdivision thereof. Please see "Item 3 – Key Information – B. Risk Factors – Russia's unpredictable tax system gives rise to significant uncertainties and risks." Under no circumstances should the descriptions set forth below be viewed as tax advice.

For the purposes of this filing, a "***Non-Resident Holder***" means: (i) a physical person, present in the Russian Federation for less than 183 days in a given calendar year or (ii) a legal person or entity not incorporated or otherwise organized in the Russian Federation (with no tax registration in Russia), which holds and disposes of ADSs or common stock other than through a permanent establishment in Russia.

The Russian tax rules applicable to securities, and in particular to the tax treatment of a Non-Resident Holder which holds Russian securities, are characterized by significant uncertainties and by an absence of interpretative guidance. Russian tax law and procedures are not well developed and rules are sometimes interpreted differently by different tax inspectors. In addition, both the substantive provisions of Russian tax law and the interpretation and application of those provisions by the Russian tax authorities may be subject to more rapid and unpredictable change than in a jurisdiction with more developed capital markets. In this regard, the Russian tax authorities have not provided any guidance regarding the treatment of ADS arrangements.

Taxation of dividends

Dividends paid to a Non-Resident Holder generally will be subject to Russian withholding tax, which will be withheld by us, at a 15% rate for legal entities, and at a 30% rate for individuals. This tax may be reduced under the terms of a double tax treaty between Russia and the country of residence of the Non-Resident Holder. For example, the U.S./Russia Double Tax Treaty provides for reduced rates of withholding on dividends paid to holders that are U.S. Holders (as defined below) that are entitled to U.S./Russia Double Tax Treaty benefits; a 10% rate applies to dividends paid to U.S. Holders that are legal entities owning less than 10% of the entity's outstanding shares and 5% for U.S. Holders that are legal entities owning 10% or more of the entity's outstanding shares. See "– Procedure for obtaining double treaty relief."

Taxation of capital gains

A Non-Resident Holder generally should not be subject to any Russian income or withholding taxes in connection with the sale, exchange or other disposition of ADSs outside Russia, provided that the ADSs are not sold to a Russian resident. Regardless of the residence of the purchaser, from January 1, 2002, a Non-Resident Holder that is a legal entity should not be subject to any Russian income or withholding taxes in connection with the sale, exchange or other disposition of ADSs if our assets consist of 50% or less of immovable property or if the ADSs are sold via foreign exchanges where they are legally circulated.

With the exception of the above, sales or other dispositions of ADSs to Russian residents are, in general, subject to Russian withholding tax. In the event of such a sale by a Non-Resident Holder that is a legal entity, a Russian resident purchaser that is a legal entity will be required to withhold 20% of any gain realized on the sale by the foreign legal entity. The gain will be determined as the difference between the sale price and all expenses relating to the acquisition, holding and alienation of ADSs paid by the Holder for the ADSs, provided that the Non-Resident Holder is able to present documents confirming such expenses. There will be no obligations for a Russian resident purchaser to withhold tax if the purchaser is an individual.

Income received by a Non-Resident Holder who is a physical person from the sale of ADSs to Russian residents is treated as Russian source income which is subject to a 30% rate. The individual must recognize income as the difference between sale proceeds and the actual documented expenses of the acquisition, holding and alienation of ADSs. Where the expenses are not documented and cannot be confirmed, full sale proceeds are subject to tax. The tax must be collected by the Russian agent via a withholding procedure. There will be no obligation for a Russian resident purchaser to withhold tax if the purchaser is an individual.

Generally, capital gains may be subject to tax only in the country of treaty residency of the individual recipient, unless the income is sourced to the other country. U.S. tax resident Holders, for example, are entitled to an exemption from Russian withholding tax on such disposals by virtue of the U.S./Russia Double Tax Treaty. See "– Procedure for obtaining double tax treaty relief".

Procedure for obtaining double tax treaty relief

The procedure for obtaining double tax treaty relief is simplified under new legislative provisions. In order to take advantage of a double tax treaty, it is sufficient to provide the Russian tax agent (*e.g.*, our company in the case of a payment of dividends) with confirmation of residency in a state with which Russia has concluded the relevant treaty. The confirmation of the Non-Resident Holder's residency may be issued in the form of a letter from the competent authority of the Non-Resident Holder's country, containing the tax identification number of the resident (if any), the period covered by the letter and the date of issuance. The letter should be duly signed and stamped. A U.S. Holder may obtain the appropriate certification by mailing completed forms, together with the Holder's name, social security number, tax return form number and the tax period for which certification is required, to: IRS-Philadelphia Service Center, Foreign Certification Request, P.O. Box 16347, Philadelphia, Pennsylvania 19114-0447. The procedures for obtaining certification are described in greater detail in Internal Revenue Service Publication 686. As obtaining the required certification from the Internal Revenue Service may take at least six to eight weeks, U.S. Holders should apply for such certification as soon as possible.

If tax treaty clearance is not obtained and tax is withheld by a Russian resident on capital gains or other amounts, a Non-Resident Holder may apply for a tax refund by filing a package of documents with the Russian local tax inspectorate to which the withholding tax was remitted within 3 years from the withholding date for Non-Resident Holders which are legal entities, and within 1 year from the withholding date for individual Non-Resident Holders. The package should include the appropriate form (1012DT for non -dividend income and 1011 DT for dividend income), confirmations of residence of the foreign Holder, a copy of the agreement or other documents substantiating the payment of income and documents confirming the transfer of tax to the budget. Under the provisions of the Tax Code, the refund of the tax should be effected within one month after the submission of the documents. However, procedures for processing such claims have not been clearly established, and there is significant uncertainty regarding the availability and timing of such refunds.

United States Federal Income Tax Considerations

This summary of United States federal income and withholding tax consequences applies only to a U.S. Holder of ADSs or shares of common stock that is a resident of the United States for purposes of the U.S./Russia Double Tax Treaty and is fully eligible for benefits thereunder.

As used herein, the term "***U.S. Holder***" means a beneficial owner of common stock that is not a resident of the Russian Federation for Russian tax purposes and is: (i) a 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 (U.S. persons), 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. The U.S./Russia Double Tax Treaty benefits discussed herein generally are not available to U.S. Holders who hold ADSs or shares of common stock in connection with the conduct of business in the Russian Federation through a permanent establishment or the performance of personal services in the Russian Federation through a fixed base. This summary does not discuss the treatment of such holders.

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 stock as compensation for services, and U.S. Holders that own, directly, indirectly or by attribution, 10% or more of the outstanding shares of common stock) 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 shares of common stock 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 potential investor in the ADSs or shares of common stock.

For purposes of applying United States federal income and withholding tax law, a U.S. Holder of an ADR representing ADSs will be treated as the owner of the underlying shares of common stock represented thereby.

Taxation of dividends on ADSs or shares of common stock

Subject to the discussion under the heading "– United States Federal Income Tax Considerations – Passive Foreign Investment Company," the gross amount of any dividend received by a U.S. Holder (determined without deduction for any Russian withholding taxes) with respect to ADSs or shares of common stock 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 shares of common stock 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 shares of common stock. 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 stock, 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 stock.

If a dividend is paid in Russian rubles, 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 Russian ruble 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 Russian rubles are converted into U.S. dollars generally will be treated as ordinary income or loss from U.S. sources. A U.S. Holder may be required to recognize foreign currency gain or loss on the receipt of a refund of Russian withholding tax pursuant to the U.S./Russia Double Tax Treaty to the extent the U.S. dollar value of the refund on the date of the receipt of the refund differs from the U.S. dollar value of that amount on the date of receipt of the underlying dividend.

Russian withholding tax at the 10% rate provided under the U.S./Russia Double Tax Treaty will be treated as a foreign income tax. Subject to generally applicable limitations, foreign income taxes may be credited against a U.S. Holder's U.S. federal income tax liability or, at the election of the U.S. Holder, may be deducted in computing taxable income. If Russian tax is withheld at a rate in excess of the 10% rate provided for in the U.S./Russia Double Tax Treaty, a U.S. Holder generally will not be entitled to credit the excess amount withheld, even though the procedures for claiming refunds and the practical likelihood that refunds will be made available in a timely fashion are uncertain.

Distributions of additional ADSs or shares of common stock to a U.S. Holder with respect to its ADSs or shares of common stock that are made as part of a pro rata distribution to all holders of ADSs and shares of common stock generally will not be subject to United States federal income tax.

Taxation on sale or exchange of ADSs or shares of common stock

Subject to the discussion under the heading "– United States Federal Income Tax Considerations – Passive foreign investment company," the sale of ADSs or shares of common stock 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 shares of common stock. If a U.S. holder disposes of ADSs or shares of common stock 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 shares of common stock will be capital gain or loss and will be long-term capital gain or loss if the ADSs or shares of common stock have been held for more than one year. Long-term capital gain realized by a non-corporate U.S. Holder with respect to ADSs or shares of common stock will be subject to tax at a rate not in excess of 15%. However, special rules may apply to a redemption of common stock 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.*, Russian rubles) upon a sale or exchange of ADSs or common stock, 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 general, under the present U.S./Russia Double Tax Treaty, gain recognized by a U.S. Holder from such a sale would not be subject to Russian income tax, provided that certain administrative formalities required under Russian law are met. See "– Russian Income and Withholding Tax Considerations – Taxation of Capital Gains." If Russian income tax is withheld on the sale of ADSs or shares of common stock, a U.S. Holder may not be entitled to a tax credit for the amount withheld, even though the procedures for claiming refunds and the practical likelihood that refunds will be made available in a timely fashion are uncertain.

Passive foreign investment company

In general. The foregoing discussion assumes that we are not currently, and will not in the future, be classified as a passive foreign investment company (a "***PFIC***") within the meaning of the Internal Revenue Code. Generally, if during any taxable year of a non-U.S. corporation, 75% or more of such non-U.S. corporation's gross income consists of certain kinds of "passive" income, or if 50% or more of the average value (or if the non-U.S. corporation so elects, the average adjusted basis) during a taxable year 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 are 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 common stock, 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 common stock or upon the receipt of certain distributions on common stock. 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% 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 stock 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 (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 shares of common stock and proceeds from the sale of common stock 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 corporation or other 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.

F. Dividends and Paying Agents

Not required.

G. Statement by Experts

Not required.

H. Documents on Display

We file reports and other information with the Securities and Exchange Commission, or SEC. Any documents that we file with the SEC may be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. We file our annual reports on Form 20-F and 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. In accordance with our policy, we do not enter into any treasury management transactions of a speculative nature.

The ruble is generally non-convertible outside Russia, so our ability to hedge against further devaluation by converting to other currencies is limited. Further, our ability to convert rubles into other currencies in Russia is subject to rules that restrict the purposes for which conversion and payments of foreign currencies are allowed. To the extent it is permitted under Russian regulations, we keep our cash and cash equivalents in interest bearing accounts, in U.S. dollars and Euros, in order to manage against the risk of ruble devaluation. We maintain bank accounts denominated in Russian rubles, U.S. dollars and Euros. Although we attempt to match revenue and cost in terms of their respective currencies, we may experience economic loss and a negative impact on earnings as a result of foreign currency exchange rate fluctuations. Under Russian profit tax rules, maintaining cash balances denominated in any foreign currency creates taxable translation gains.

Given that much of our capital expenditures and operating costs are indexed to, or denominated in, U.S. dollars, including service costs, employee compensation expenses and interest expenses, we have taken specific steps to minimize our exposure to fluctuations in the ruble. Although Russian currency control regulations require us to collect virtually all of our revenues in rubles, we price and invoice in U.S. dollars and index our invoices and collections to the applicable U.S. dollar exchange rates. The average period of bank transfer from our customers' bank accounts to our bank accounts is one business day. Our average daily cash receipts exceed the ruble equivalent of US$3.2 million. This amount represents an exposure to changes in the exchange rate of the ruble in respect of money in transit. In addition we have ruble exposure from our VAT recoverable balance which is denominated in rubles and may depreciate over time.

Most of our equipment financing obligations are denominated in Euros, which exposes us to risks associated with the changes in Euro exchange rates. Our treasury function has developed risk management policies that establish guidelines for limiting foreign currency exchange rate risk. In May 2002, we entered into a forward agreement with Citibank providing for the purchase, in November 2002, of €5.0 million at a rate of €0.897 per U.S. dollar. In August 2002, our subsidiary KB Impuls entered into a forward agreement with Citibank providing for the purchase of €89.9 million in U.S. dollars at a rate of €0.9599 per U.S. dollar in several installments during the period from January 2003 to January 2006. We have entered into the above-mentioned agreements to hedge our foreign currency risk associated with our equipment financing obligations denominated in Euros. In accordance with the agreement dated August 2002, KBI made a prepayment to Citibank in the amount of US$8.0 million. As of December 31, 2002, the fair value of the forward agreement between KBI and Citibank was US$6.2 million.

The following table summarizes information on our financial instruments that are sensitive to foreign currency exchange rates, including foreign currency denominated debt obligations. Fair value at December 31, 2002 approximates total value.

	Years Ended December 31,							
	2003	2004	2005	2006	2007	Thereafter	At Dec. 31, 2002	At Dec. 31, 2001
	(U.S. dollars in millions)							
Assets								
Cash and cash equivalents								
Russian rubles	40.2	—	—	—	—	—	40.2	21.7
Euros and other currencies	40.7	—	—	—	—	—	40.7	11.9
Liabilities								
Euro-denominated long-term debt, including current portion								
Variable rate (EURIBOR plus 2.9%-5.0%)	65.2	44.1	24.0	—	—	—	133.3	74.4
Fixed rate (10.0%)	3.5	3.5	2.4	0.2	—	—	9.6	—
Ruble-denominated long-term debt, including current portion								
Fixed rate (16%-26%)	2.5	—	—	—	—	—	2.5	—
Bank of Russia: US$/Ruble exchange rate	31.7844							
Bank of Russia: Euro/US$ cross rate	1.0417							
Forward agreement to purchase Euro for U.S. dollars at a fixed rate of EURO 0.9599 per U.S. dollar	36.6	33.0	16.4	0.3				

Our vendor financing agreements with Alcatel, Ericsson and General DataCom bear interest at rates ranging from EURIBOR plus 2.9% to EURIBOR plus 5.0% and LIBOR plus 2.0% to LIBOR plus 5.0%. As of December 31, 2002, approximately US$197.4 million (including US$133.3 million denominated in Euros) of our outstanding indebtedness bore interest at variable rates, compared with US$124.5 million (including US$74.4 million denominated in Euros) as of December 31, 2001.

The interest rate under the Sberbank credit lines for both our company and VimpelCom-Region may change upon the occurrence of certain events. This potential change in the interest rate is not directly linked to the change in market interest rates. The following table provides information about the maturity of our debt obligations with an indication of which obligations are potentially subject to changes in interest rates.

	Years Ended December 31,							
	2003	2004	2005	2006	2007	Thereafter	At Dec. 31 2002 Total	At Dec. 31 2001 Total
Vendor financing, US dollar-denominated (in millions)	5.9	1.0	1.7	—	—	—	8.6	—
Fixed rate	7.5% - 12.5%	10.0%	10.0%	—	—	—		
Vendor financing, Euro-denominated (in millions)	3.5	3.5	2.4	0.2			9.6	—
Fixed rate	10.0%	10.0%	10.0%	10.0%				
Senior convertible notes, US dollar-denominated (in millions)	—	—	85.9	—	—	—	85.9	81.0
Fixed rate	—	—	12.52%	—	—	—		—
Bank loans								
VimpelCom loan from J.P. Morgan, US dollar-denominated (in millions)	—	—	250.0	—	—	—	250.0	—
Fixed rate	—	—	10.45%	—	—	—		
VimpelCom loan from Sberbank, US dollar-denominated (in millions)	33.4	16.7	—	—	—	—	50.1	66.8
Fixed rate, subject to change by Sberbank	11.5%	11.5%	—	—	—	—		
VimpelCom-Region loan from Sberbank, US dollar-denominated (in millions)	—	2.0	7.9	16.5	13.0	—	39.4	—
Fixed rate, subject to change by Sberbank	—	13.0%	13.0%	13.0%	13.0%	—		
Other loans, ruble-denominated (in millions of US dollars based on the Central Bank exchange rate of US$/Ruble 31.7844	2.5	—	—	—	—	—	2.5	—
Fixed rate	16% - 26%	—	—	—	—	—		
Other loans, US dollar-denominated (in millions)	1.9	—	—	—	—	—	1.9	—
Fixed rate	14% - 15%	—	—	—	—	—		

Our cash and cash equivalents are not subject to any material interest rate risk.

ITEM 12. Description of Securities other than Equity Securities

Not required.

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

Within 90 days prior to the filing of this Annual Report on Form 20-F, an evaluation was carried out under the supervision and with the participation of our management, including our CEO and General Director and our Chief Financial Officer, of the effectiveness of the design and operation 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, and management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures. Based upon and as of the date of the evaluation, our CEO and General Director and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective in providing reasonable assurance that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended (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 General Director and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. These disclosure controls and procedures include our establishment of a Disclosure Review Committee, which operates in close coordination with our Internal Audit Department to review the preparation of our Exchange Act reports and to provide an additional check on our disclosure controls and procedures.

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date our CEO and General Director and our Chief Financial Officer completed their evaluation, nor were there any significant deficiencies or material weaknesses in our internal controls requiring corrective actions.

ITEM 16A. Audit Committee Financial Expert

Not required.

ITEM 16B. Code of Ethics

Not required.

ITEM 16C. Principal Accountant Fees and Services

Not required.

PART III

ITEM 17. Financial Statements

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

ITEM 18. Financial Statements

INDEX TO FINANCIAL STATEMENTS
OF OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

ITEM 19. Exhibits

List of Exhibits.

Exhibit No.	Description
1	Charter of VimpelCom.+^^^
2.1	Deposit Agreement, dated November 20, 1996, by and among VimpelCom, The Bank of New York, as the depositary, and all owners or beneficial owners of ADRs.*
2.2	Form of Indenture, by and among VimpelCom B.V., VimpelCom, and The Bank of New York, as trustee, governing VimpelCom B.V.'s 5.5% Convertible Notes due 2005.***
2.3	Loan Agreement, dated April 23, 2002, by and between VimpelCom and J.P. Morgan AG.^^^
2.4	Trust Deed, dated April 26, 2002, by and between J.P. Morgan AG and The Bank of New York.^^^
4.1	License No. 10005 for the territory of the Moscow License Area.+†
4.1.1	Addendum No. 1 to License No. 10005 for the territory of the Moscow License Area.+††
4.1.2	Addendum No. 2 to License No. 10005 for the territory of the Moscow License Area.+†††
4.1.3	Addendum No. 3 to License No. 10005 for the territory of the Moscow License Area.+#
4.1.4	Addendum No. 4 to License No. 10005 for the territory of the Moscow License Area.+#
4.1.5	Addendum No. 5 to License No. 10005 for the territory of the Moscow License Area.+^^^
4.2	License No. 14707 for the territory of the Central and Central Black Earth License Area.+†††
4.2.1	Amendment No. 1 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+†††
4.2.2	Amendment No. 2 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+#
4.2.3	Amendment No. 3 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+#
4.2.4	Amendment No. 4 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+#
4.2.5	Amendment No. 5 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+##
4.2.6	Amendment No. 6 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+^^^
4.3	License No. 14708 for the territory of the Volga License Area.+ †††
4.3.1	Amendment No. 1 to License No. 14708 for the territory of the Volga License Area.+†††
4.3.2	Amendment No. 2 to License No. 14708 for the territory of the Volga License Area.+#
4.3.3	Amendment No. 3 to License No. 14708 for the territory of the Volga License Area.+#
4.3.4	Amendment No. 4 to License No. 14708 for the territory of the Volga License Area.+#

4.9.1	Amendment No. 1 to License No. 5331 for the territory of the Kaliningrad License Area.+^^^
4.9.2	Amendment No. 2 to License No. 5331 for the territory of the Kaliningrad License Area.+^^^
4.9.3	Amendment No. 3 to License No. 5331 for the territory of the Kaliningrad License Area.+^^^
4.9.4	Amendment No. 4 to License No. 5331 for the territory of the Kaliningrad License Area.+^^^
4.10	License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.1	Amendment No. 1 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.2	Amendment No. 2 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.3	Amendment No. 3 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.4	Amendment No. 4 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.5	Amendment No. 5 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.6	Amendment No. 6 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.7	Amendment No. 7 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.11	License No. 14481 for the territory of the Kabardino-Balkarskaya Republic License Area.+^^^
4.12	License No. 15001 for the territory of the Karachaevo-Cherkesskaya Republic License Area.+^^^
4.13	License No. 21719 for the territory of the Samara License Area.+^^^
4.14	License No. 3953 for the territory of the Samara License Area.+*
4.14.1	Amendment No. 1 to License No. 3953 for the territory of the Samara License Area.+#
4.14.2	Amendment No. 2 to License No. 3953 for the territory of the Samara License Area.+##
4.15	License No. 4879 for the territory of the Orenburg License Area.+^^^
4.15.1	Amendment No. 1 to License No. 4879 for the territory of the Orenburg License Area.+^^^
4.15.2	Amendment No. 2 to License No. 4879 for the territory of the Orenburg License Area.+^^^
4.15.3	Amendment No. 3 to License No. 4879 for the territory of the Orenburg License Area.+^^^
4.16	License No. 5860 for the territory of the Novosibirsk License Area.+^^^
4.16.1	Amendment No. 1 to License No. 5860 for the territory of the Novosibirsk License Area.+^^^
4.17	License No. 17938 for the provision of data communication services for the territory of the Moscow License Area.+^^^
4.17.1	Addendum No. 1 to License No. 17938 for the provision of data communication services for the territory of the Moscow License Area.+^^^
4.17.2	Addendum No. 2 to License No. 17938 for the provision of data communication services for the territory of the Moscow License Area.+^^^
4.17.3	Addendum No. 3 to License No. 17938 for the provision of data communication services for the territory of the Moscow License Area.+^^^

4.18	License No. 17951 for the provision of telematic services for the territory of the Moscow License Area.+^^^
4.18.1	Addendum No. 1 to License No. 17951 for the provision of telematic services for the territory of the Moscow License Area.+^^^
4.18.2	Addendum No. 2 to License No. 17951 for the provision of telematic services for the territory of the Moscow License Area.+^^^
4.18.3	Addendum No. 3 to License No. 17951 for the provision of telematic services for the territory of the Moscow License Area.+^^^
4.19	Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.*
4.19.1	First Amendment, dated September 17, 1996, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.**
4.19.2	Second Amendment, dated November 8, 1996, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.**
4.19.3	Third Amendment, dated June 30, 1998, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.††
4.19.4	Fourth Amendment, dated December 29, 1998, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.††
4.19.5	Fifth Amendment, dated October 21, 1999, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.†††
4.19.6	Sixth Amendment, dated December 8, 1999, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.†††
4.19.7	Seventh Amendment, dated December 1, 2000, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.#
4.20	Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.*
4.20.1	First Amendment, dated September 17, 1996, to Deferred Payment Agreement dated, May 25, 1996, by and between Alcatel SEL AG and KB Impuls.**
4.20.2	Second Amendment, dated November 8, 1996, to Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.**
4.20.3	Third Amendment, dated April 24, 1998, to Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.††
4.20.4	Fourth Amendment, dated December 8, 1999, to Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.†††

4.20.5	Fifth Amendment, dated May 19, 2000, to Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.†††
4.20.6	Sixth Amendment, dated May 19, 2000, to Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.†††
4.21	Deed of Guarantee, dated May 25, 1996, given by Sota-100, KB Impuls-TV and VimpelCom in favor of Alcatel SEL AG.*
4.21.1	First Amendment, dated December 8, 1999, to Deed of Guarantee, dated May 25, 1996, given by Sota-100, KB Impuls-TV and VimpelCom in favor of Alcatel SEL AG.†††
4.21.2	Second Amendment, dated May 19, 2000, to Deed of Guarantee, dated May 25, 1996, given by Sota-100, KB Impuls-TV and VimpelCom in favor of Alcatel SEL AG.†††
4.22	Frame Contract No. II for the Supply of Switching, Radio and Other Telecommunication Equipment, dated May 19, 2000, by and between Alcatel SEL AG and KB Impuls.†††
4.23	Indent 5 Deferred Payment Agreement, dated August 23, 2000, by and between Alcatel SEL AG and KB Impuls.#
4.24	Deed of Guarantee, Indent 5 Deferred Payment Agreement, dated August 23, 2000, given by VimpelCom in favor of Alcatel SEL AG.#
4.25	Indent 6 Deferred Payment Agreement, dated September 7, 2000, by and between Alcatel SEL AG and KB Impuls.#
4.25.1	First Amendment, dated January 10, 2001, to Indent 6 Deferred Payment Agreement, dated September 7, 2000, by and between Alcatel SEL AG and KB Impuls.#
4.26	Deed of Guarantee, Indent 6 Deferred Payment Agreement, dated September 7, 2000, given by VimpelCom in favor of Alcatel SEL AG.#
4.27	Indent 8 Deferred Payment Agreement, dated February 15, 2001, by and between Alcatel SEL AG and KB Impuls.#
4.28	Deed of Guarantee, Indent 8 Deferred Payment Agreement, dated February 15, 2001, given by VimpelCom in favor of Alcatel SEL AG.#
4.29	Indent 9 Deferred Payment Agreement, dated May 9, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.30	Deed of Guarantee, Indent 9 Deferred Payment Agreement, dated May 9, 2001, given by VimpelCom in favor of Alcatel SEL AG.##
4.31	Indent 10 Deferred Payment Agreement, dated June 22, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.31.1	First Amendment, dated October 29, 2001, to Indent 10 Deferred Payment Agreement, dated June 22, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.32	Deed of Guarantee, Indent 10 Deferred Payment Agreement, dated June 22, 2001, given by VimpelCom in favor of Alcatel SEL AG.##
4.33	Indent 13 Deferred Payment Agreement, dated November 5, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.34	Deed of Guarantee, Indent 13 Deferred Payment Agreement, dated November 5, 2001, given by VimpelCom in favor of Alcatel SEL AG.##

4.35	Indent 14 Deferred Payment Agreement, dated November 12, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.36	Deed of Guarantee, Indent 14 Deferred Payment Agreement, dated November 12, 2001, given by VimpelCom in favor of Alcatel SEL AG.##
4.37	Indent 15 Deferred Payment Agreement, dated December 21, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.38	Deed of Guarantee, Indent 15 Deferred Payment Agreement, December 21, 2001, given by VimpelCom in favor of Alcatel SEL AG.##
4.39	Indent 16 Deferred Payment Agreement, dated December 21, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.40	Deed of Guarantee, Indent 16 Deferred Payment Agreement, dated December 21, 2001, given by VimpelCom in favor of Alcatel SEL AG.##
4.41	Indent 17 Deferred Payment Agreement, dated March 27, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.42	Deed of Guarantee, Indent 17 Deferred Payment Agreement, dated March 27, 2002, given by VimpelCom in favor of Alcatel SEL AG.^^^
4.43	Indent 18 Deferred Payment Agreement, dated April 17, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.43.1	First Amendment, dated May 28, 2002, to Indent 18 Deferred Payment Agreement, dated April 17, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.44	Deed of Guarantee, Indent 18 Deferred Payment Agreement, dated April 17, 2002, given by VimpelCom in favor of Alcatel SEL AG.^^^
4.45	Indent 19 Deferred Payment Agreement, dated July 11, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.46	Deed of Guarantee, Indent 19 Deferred Payment Agreement, dated July 11, 2002, given by VimpelCom in favor of Alcatel SEL AG.^^^
4.47	Indent 20 Deferred Payment Agreement, dated August 27, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.48	Deed of Guarantee, Indent 20 Deferred Payment Agreement, dated August 27, 2002, given by VimpelCom in favor of Alcatel SEL AG.^^^
4.49	Amendment to Deferred Payment Agreements, dated February 15, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.50	Form of Indemnification Agreement.^^^
4.51	General Agreement No. 1605, dated May 16, 1997, by and between KB Impuls and VimpelCom, as restated on September 1, 1998.+††
4.52	Service Obligation Agreement, dated April 1, 1999, by and between Telenor Russia AS and VimpelCom.***
4.52.1	Amendment No. 1, dated February 21, 2002, to Service Obligation Agreement, dated April 1, 1998, by and between Telenor AS and VimpelCom.##

4.53	Non-Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between Sberegatelny Bank of the Russian Federation and VimpelCom.+†††
4.53.1	Amendment Agreement No. 1, dated July 20, 2000, to Non-Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+#
4.53.2	Amendment Agreement No. 2, dated April 6, 2001, to Non-Revolving Credit Facility Agreement No. 9063 dated, April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+#
4.53.3	Amendment Agreement No. 3, dated May 29, 2001, to Non-Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+#
4.53.4	Amendment Agreement No. 4, dated September 28, 2001, to Non-Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+##
4.53.5	Amendment Agreement No. 5, dated November 30, 2001, to Non-Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+##
4.53.6	Amendment Agreement No. 6, dated August 6, 2002, to Non-Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+^^^
4.54	Non-Revolving Credit Facility Agreement No. 9152, dated December 17, 2002, by and between VimpelCom-Region and Sberegatelny Bank of the Russian Federation.+^^^
4.55	Guarantee Agreement No. P-9152, dated December 20, 2002, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+^^^
4.55.1	Amendment Agreement No. 1, dated March 17, 2003, to Guarantee Agreement No. P-9152, dated December 20, 2002, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+^^^
4.56	Credit Agreement, dated January 15, 2003, by and among VimpelCom, Bayerische Hypo - und Vereinsbank AG and Nordea Bank Sweden AB (publ).^^^
4.57	Form of Guarantee Agreement by and between VimpelCom and The Bank of New York, as guarantee trustee, regarding VimpelCom's guarantee of VimpelCom B.V.'s payment and exchange obligations under the indenture.***
4.58	Form of Agreement Regarding Irrevocable Proxy by and between VimpelCom, VimpelCom (BVI) Ltd. and VimpelCom Finance B.V.***
4.59	Form of Loan Agreement by and between VimpelCom B.V. and VimpelCom.***
4.60	Form of Put Option Agreement by and between VimpelCom B.V. and Limited Liability Company VC Option.***
4.61	Form of Keep Well Agreement by and between VimpelCom and VimpelCom B.V. regarding net spread of 1/8th of 1% on amounts loaned to VimpelCom or its designees.***
4.62	Form of Call Option Agreement by and between VimpelCom B.V. and VC Limited.***
4.63	Form of Loan Agreement by and between VimpelCom B.V. and VC Limited.***

4.64 Form of ADS Pledge Agreement by and between VimpelCom B.V. and VC Limited.***

4.65 Form of Hedging Agreement by and between VimpelCom B.V. and VC Limited.***

4.66 Form of Call Option Agreement by and between VimpelCom (BVI) Ltd. and VimpelCom Finance B.V.***

4.67 Form of Call Option Agreement by and between VimpelCom Finance B.V. and VimpelCom.***

4.68 Primary Agreement, dated as of May 30, 2001, by and among VimpelCom, Telenor East Invest AS and Eco Telecom Limited.^

4.69 Registration Rights Agreement, dated as of May 30, 2001, by and among VimpelCom, Telenor East Invest AS and Eco Telecom Limited.^

4.70 Primary Agreement, dated as of May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and VimpelCom.^

4.71 Amendment No. 1 to Primary Agreement, dated May 15, 2002, to Primary Agreement, dated as of May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and VimpelCom.^^

4.72 Shareholders Agreement, dated as of May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and VimpelCom.^

4.73 Amendment No. 1 to Shareholders Agreement, dated as of May 15, 2002, to Shareholders Agreement, dated May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and VimpelCom.^^

4.74 Registration Rights Agreement, dated as of May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and Vimpel-Com.^

4.75 Amendment No. 1 to Registration Rights Agreement, dated May 15, 2002, to Registration Rights Agreement, dated as of May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and VimpelCom.^^

4.76 Guarantee Agreement, dated as of May 30, 2001, by and among Telenor ASA, as guarantor, and VimpelCom, VimpelCom-Region and Eco Telecom Limited, as beneficiaries.###

4.77 Guarantee Agreement, dated as of May 30, 2001, by and among CTF Holdings Limited, as limited guarantor, Eco Holdings Limited, as general guarantor, and VimpelCom, VimpelCom-Region and Telenor East Invest AS, as beneficiaries.^

4.78 Undertaking Letter, dated May 30, 2001, by and between Telenor East Invest AS and VimpelCom.^

4.79 Undertaking Letter, dated May 30, 2001, by and between Eco Telecom Limited and VimpelCom.^

4.80 Preferred Stock Undertaking Letter, dated May 30, 2001, by and among VimpelCom, Telenor East Invest AS, Eco Telecom Limited, Dr. Dmitri B. Zimin and Overture Limited.^

4.81 Additional Agreement No. 1, dated May 30, 2001, to License Agreement No. TM 18-2001 BKP dated January 24, 2001, by and between VimpelCom and VimpelCom-Region.^

4.82 Additional Agreement No. 1, dated May 30, 2001, to License Agreement No. TM 19-2001 BKP dated January 24, 2001, by and between VimpelCom and VimpelCom-Region.^

4.83 License Agreement No. TM 25-2001, dated May 30, 2001, by and between VimpelCom and VimpelCom-Region.^

4.84	License Agreement No. TM 26-2001, dated May 30, 2001, by and between VimpelCom and VimpelCom-Region.^
4.85	License Agreement No. TM 27-2001, dated May 30, 2001, by and between VimpelCom and VimpelCom-Region.^
4.86	License Agreement No. TM 28-2001, dated May 30, 2001, by and between VimpelCom and VimpelCom-Region.^
4.87	Share Purchase Agreement, dated December 15, 2002, by and between Telenor Mobile Communications AS and VimpelCom-Region, related to the acquisition of Closed Joint Stock Company "Extel".^^^
4.88	Share Purchase Agreement, dated December 15, 2002, by and between Telenor Mobile Communications AS and VimpelCom-Region, related to the acquisition of Open Joint Stock Company "StavTeleSot".^^^
8.	List of Subsidiaries.^^^
12.1	Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.^^^
12.2	Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.^^^
12.3	Consent of Ernst & Young (CIS) Limited.^^^

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*	Incorporated by reference to the Registration Statement on Form F-1 (Registration No. 333-5694) of Open Joint Stock Company "Vimpel-Communications."
**	Incorporated by reference to the Registration Statement on Form F-1 (Registration No. 333-6826) of Open Joint Stock Company "Vimpel-Communications."
***	Incorporated by reference to the Registration Statement on Form F-3 (Registration No. 333-12210) of Open Joint Stock Company "Vimpel-Communications."
†	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company "Vimpel-Communications" for the fiscal year ended December 31, 1997.
††	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company "Vimpel-Communications" for the fiscal year ended December 31, 1998.
†††	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company "Vimpel-Communications" for the fiscal year ended December 31, 1999.
#	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company "Vimpel-Communications" for the fiscal year ended December 31, 2000
##	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company "Vimpel-Communications" for the fiscal year ended December 31, 2001
###	Incorporated by reference to Form 6-K of Open Joint Stock Company "Vimpel-Communications" filed with the Securities and Exchange Commission on May 9, 2001.
^	Incorporated by reference to Form 6-K of Open Joint Stock Company "Vimpel-Communications" filed with the Securities and Exchange Commission on June 14, 2001
^^	Incorporated by reference to Form 6-K of Open Joint Stock Company "Vimpel-Communications" filed with the Securities and Exchange Commission on May 21, 2002.
^^^	Filed herewith.
+	English translation

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.

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

By: /s/ Jo Olav Lunder

Name: Jo Olav Lunder
Title: CEO and General Director

Date: June 27, 2003

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Jo O. Lunder, Chief Executive Officer and General Director of Open Joint Stock Company "Vimpel-Communications" (the "Company"), certify that:

1. I have reviewed this Annual Report on Form 20-F of the Company

2. Based on my knowledge, this Annual Report on Form 20-F 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 Annual Report on Form 20-F;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report on Form 20-F, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report on Form 20-F;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report on Form 20-F is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report on Form 20-F (the "Evaluation Date"); and

(c) presented in this Annual Report on Form 20-F our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this Annual Report on Form 20-F whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /s/ Jo O. Lunder

Name: Jo O. Lunder
Title: Chief Executive Officer and General Director
Dated: June 27, 2003

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Elena Shmatova, Acting Chief Financial Officer of Open Joint Stock Company "Vimpel-Communications" (the "Company"), certify that:

1. I have reviewed this Annual Report on Form 20-F of the Company

2. Based on my knowledge, this Annual Report on Form 20-F 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 Annual Report on Form 20-F;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report on Form 20-F, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report on Form 20-F;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report on Form 20-F is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report on Form 20-F (the "Evaluation Date"); and

(c) presented in this Annual Report on Form 20-F our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this Annual Report on Form 20-F whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /s/ Elena Shmatova

Name: Elena Shmatova
Title: Acting Chief Financial Officer
Dated: June 27, 2003

INDEX TO FINANCIAL STATEMENTS
OF OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Open Joint Stock Company "Vimpel-Communications"

We have audited the accompanying consolidated balance sheets of Open Joint Stock Company "Vimpel-Communications" ("VimpelCom") as of December 31, 2002 and 2001, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2002. These consolidated financial statements are the responsibility of VimpelCom's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Open Joint Stock Company "Vimpel-Communications" at December 31, 2002 and 2001, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

Ernst & Young (CIS) Limited
Moscow, Russia
March 14, 2003

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2002	**2001**
	(In thousands of US dollars, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents (Note 5)	**US$ 263,657**	US$ 144,172
Short-term investments	**—**	920
Trade accounts receivable, net of allowance for doubtful accounts of US$12,916 in 2002 and US$8,598 in 2001 (Note 19)	**75,399**	49,678
Inventory	**15,209**	10,505
Deferred income taxes (Note 18)	**15,742**	8,940
Other current assets (Note 6)	**118,358**	49,772
Total current assets	**488,365**	263,987
Property and equipment, net (Note 8)	**957,602**	535,405
Telecommunications licenses, net (Note 9)	**88,385**	20,046
Other intangible assets, net (Note 9)	**55,730**	50,880
Due from related parties (Note 20)	**2,083**	951
Unamortized debt issue costs (Note 13)	**8,075**	4,789
Other assets (Note 11)	**92,504**	49,748
Total assets	**US$ 1,692,744**	US$ 925,806
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**US$ 80,241**	US$ 42,680
Due to related parties (Note 20)	**4,114**	883
Accrued liabilities	**49,492**	13,035
Deferred revenue	**2,016**	1,874
Customer deposits and advances	**106,655**	63,019
Capital lease obligation (Note 15)	**3,868**	4,208
Bank loans, current portion (Note 12)	**37,780**	17,852
Equipment financing obligations, current portion (Note 14)	**134,617**	68,290
Total current liabilities	**418,783**	211,841
Deferred income taxes (Note 18)	**35,227**	18,214
Bank loans, less current portion (Note 12)	**306,080**	50,100
5.5% Senior convertible notes due July 2005 (Note 13)	**85,911**	81,027
Capital lease obligation, less current portion (Note 15)	**899**	—
Equipment financing obligations, less current portion (Note 14)	**81,425**	56,196
Accrued liabilities	**3,265**	—
Commitments and contingent liabilities (Note 14, 24)	**—**	—
Minority interest	**98,491**	307
Shareholders' equity (Note 16):		
Convertible voting preferred stock (.005 rubles nominal value per share), 10,000,000 shares authorized; 6,426,600 shares issued and outstanding	**—**	—
Common stock (.005 rubles nominal value per share), 90,000,000 shares authorized; 40,332,201 shares issued	**90**	90
Additional paid-in capital	**528,914**	504,876
Retained earnings	**195,300**	65,748

Treasury stock, at cost, 2,283,277 shares of common stock (2001: 2,330,926)	**(61,641)**	(62,593)
Total shareholders' equity	**662,663**	508,121
Total liabilities and shareholders' equity	**US$ 1,692,744**	US$ 925,806

See accompanying notes.

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years ended December 31,		
	2002	**2001**	**2000**
	(In thousands of US dollars, except per share (ADS) amounts)		
Operating revenues:			
Service revenues and connection fees	**US$ 727,868**	US$ 383,321	US$ 252,333
Sales of handsets and accessories	**49,934**	43,228	32,031
Other revenues	**1,842**	1,347	1,309
Total operating revenues	**779,644**	427,896	285,673
Revenue -based taxes	**(11,148)**	(5,294)	(11,537)
Net operating revenues	**768,496**	422,602	274,136
Operating expenses:			
Service costs	**111,387**	74,097	61,326
Cost of handsets and accessories sold	**41,709**	37,471	34,030
Cost of other revenues	**55**	120	157
Selling, general and administrative expenses	**271,963**	149,052	108,482
Depreciation	**85,204**	48,690	47,458
Amortization	**12,213**	12,616	12,564
Impairment of long-lived assets (Note 10)	**—**	—	66,467
Provision for doubtful accounts	**21,173**	13,406	18,148
Total operating expenses	**543,704**	335,452	348,632
Operating income (loss)	**224,792**	87,150	(74,496)
Other income and expenses:			
Interest income	**7,169**	5,733	4,039
Other income	**3,867**	2,097	2,177
Other expenses	**(2,142)**	(2,578)	(25)
Gain (loss) on trading securities	**36**	420	(44)
Interest expense	**(46,586)**	(26,865)	(21,089)
Net foreign exchange loss	**(9,439)**	(110)	(2,661)
Total other income and expenses	**(47,095)**	(21,303)	(17,603)
Income (loss) before income taxes and minority interest	**177,697**	65,847	(92,099)
Income tax expense (benefit)(Note 18)	**49,939**	18,539	(14,343)
Minority interest in net (losses) earnings of subsidiaries	**(1,794)**	7	45
Net income (loss)	**US$ 129,552**	US$ 47,301	US$ (77,801)
Basic EPS:			
Net income (loss) per common share	**US$ 3.41**	US$ 1.41	US$ (2.57)
Weighted average common shares outstanding	**38,014**	33,642	30,264
Net income (loss) per ADS equivalent	**US$ 2.56**	US$ 1.06	$ (1.93)
Diluted EPS:			
Net income (loss) per common share	**US$ 2.91**	US$ 1.18	US$ (2.57)
Weighted average diluted shares (Note 21)	**44,489**	40,068	30,264

Net income (loss) per ADS equivalent	**US$ 2.18**	US$ 0.89	US$ (1.93)

See accompanying notes.

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock		Additional Paid -in Capital	Retained Earnings	Treasury Stock	Total
	Shares	Amount				
	(In thousands of US dollars, except shares)					
Balances at December 31, 1999	26,980,000	US$ 88	US$201,986	US$ 98,914	US$ —	US$300,988
Proceeds from issue of common stock to Telenor under the Share Purchase Agreement dated December 1, 1998	1,202,201	—	22,741	—	—	22,741
Proceeds from public offering net of cost of issuance (US$8,177)	3,118,675	1	79,372	—	—	79,373
Issuance and sale of ADSs to a consolidated affiliate	2,080,926	—	57,600	—	(57,600)	—
Proceeds from sale of ADSs to Telenor in a transaction exempt from registration consummated concurrently with the public offering net of cost of issuance (US$928)	1,800,399	—	50,981	—	—	50,981
Acquisition of treasury stock – 353,239 shares	—	—	—	—	(10,517)	(10,517)
Sales of treasury stock – 103,239 shares	—	—	—	(2,666)	5,524	2,858
Net loss	—	—	—	(77,801)	—	(77,801)
Balances at December 31, 2000	35,182,201	89	412,680	18,447	(62,593)	368,623
Proceeds from issue of common stock to Eco Telecom under the Agreement dated May 30, 2001, net of cost of issuance (US$10,803)	5,150,000	1	92,196	—	—	92,197
Acquisition of treasury stock – 3,744 shares	—	—	—	—	(75)	(75)
Sales of treasury stock – 3,744 shares	—	—	—	—	75	75
Net income	—	—	—	47,301	—	47,301
Balances at December 31, 2001	40,332,201	90	504,876	65,748	(62,593)	508,121
Gain from issuance of subsidiary stock (Note 17)	—	—	23,073	—	—	23,073
Sale of treasury stock – 47,649 shares	—	—	965	—	952	1,917
Net income	—	—	—	129,552	—	129,552
Balances at December 31, 2002	**40,332,201**	**US$ 90**	**US$528,914**	**US$195,300**	**US$(61,641)**	**US$662,663**

See accompanying notes.

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,		
	2002	2001	2000
	(In thousands of US dollars)		
Operating activities			
Net income (loss)	**US$ 129,552**	US$ 47,301	US$ (77,801)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	**85,204**	48,690	47,458
Amortization	**12,213**	12,616	12,564
Impairment of long-lived assets	**—**	—	66,467
Mark-to-market adjustments for short-term investments	**(36)**	(420)	(47)
Provision for deferred taxes	**(8,385)**	(9,970)	(15,676)
Loss on foreign currency translation	**9,439**	110	2,661
Provision for doubtful accounts	**21,173**	13,406	18,148
Minority interest in net (losses) earnings of subsidiaries	**(1,794)**	7	45
Other adjustments	**—**	—	(731)
Changes in operating assets and liabilities:			
Short-term investments	**956**	50	—
Trade accounts receivable	**(42,659)**	(32,305)	(23,458)
Inventory	**(3,209)**	1,398	(1,444)
Other current assets	**(68,050)**	(23,431)	(15,661)
Due from related parties	**1,050**	692	153
Due to related parties	**(973)**	(1,371)	1,655
Accounts payable	**3,053**	10,048	(3,791)
Customer deposits	**42,411**	29,029	1,902
Deferred revenue	**(615)**	(23)	1,747
Accrued liabilities	**42,393**	5,232	(5,640)
Net cash provided by operating activities	**221,723**	101,059	8,551
Financing activities			
Proceeds from bank and other loans	**331,082**	1,899	117,240
Repayments of bank and other loans	**(30,461)**	(2,168)	(50,440)
Proceeds from loan from related party	**—**	—	50,000
Repayment of loan from related party	**—**	—	(50,000)
Proceeds from sale of convertible notes	**—**	—	72,937
Capital contributions in a consolidated subsidiary by minority shareholders	**116,960**	—	—
Payments of fees in respect of sale of convertible notes and other debt issue	**(6,203)**	(366)	(2,968)
Repayment of lease obligations	**(1,450)**	(1,292)	(62,677)
Repayment of equipment financing obligations	**(115,473)**	(36,338)	(26,351)
Proceeds from sale of capital stock	**—**	103,000	162,201
Payments of fees in respect of capital contributions	**—**	(10,803)	(9,106)
Purchase of treasury shares	**—**	(75)	(10,517)
Proceeds from sale of treasury shares	**—**	75	2,858
Net cash provided by financing activities	**294,455**	53,932	193,177
Investing activities			
Purchases of property and equipment	**(291,437)**	(136,353)	(65,245)
Purchases of intangible assets	**(14,769)**	(4,398)	(7,366)

Purchase of RTI Service-Svyaz stock	**—**	—	(3,026)
Purchase of MSS-Start and Cellular Company stock, net of cash acquired of US$968	**—**	(6,768)	—
Purchase of Orensot, Bee-Line Samara, Extel and Vostok-Zapad Telecom stock, net of cash acquired of US$1,537	**(69,165)**	—	—
Purchases of other assets	**(26,560)**	(14,135)	(9,183)
Net cash used in investing activities	**(401,931)**	(161,654)	(84,820)
Effect of exchange rate changes on cash and cash equivalents	**5,238**	(1,306)	(376)
Net increase(decrease) in cash	**119,485**	(7,969)	116,532
Cash and cash equivalents at beginning of year	**144,172**	152,141	35,609
Cash and cash equivalents at end of year	**US$ 263,657**	US$ 144,172	US$ 152,141
Supplemental cash flow information			
Cash paid during the period:			
Income tax	**US$ 52,594**	US$ 18,870	US$ 1,624
Interest	**30,810**	16,289	25,670
Non-cash activities:			
Equipment acquired under financing agreements	**140,367**	82,990	25,784
Accounts payable for equipment and license	**50,117**	15,652	11,587
Accrued debt and equity offering costs	**—**	554	—
Operating activities financed by sale of treasury stock	**1,917**	—	—
Acquisitions:			
Fair value of assets acquired	**121,388**	20,217	—
Carrying value of equity method investment in Bee-Line Samara before the acquisition of controlling interest	**(6,540)**	—	—
Cash paid for the capital stock	**(70,702)**	(7,736)	—
Liabilities assumed	**US$ 44,146**	US$ 12,481	US$ —

See accompanying notes.

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Description of Business

Open Joint Stock Company "Vimpel-Communications" ("VimpelCom") was registered in the Russian Federation on September 15, 1992 as a closed joint stock company, re-registered as an open joint stock company on July 28, 1993 and began full-scale commercial operations in June 1994. On November 20, 1996, VimpelCom completed an initial public offering ("IPO") of its common stock in the United States of America through the issuance of American Depositary Shares ("ADS"), each of which represents three-quarters of one share of VimpelCom's common stock. The proceeds of the IPO totaled US$63,251, net of related expenses of US$7,778. As of December 31, 2002, 55.64% of VimpelCom's outstanding common stock was owned by the holders of the ADSs; 28.98% by Telenor East Invest AS ("Telenor"); 13.05% by Eco Telecom Limited ("Eco Telecom") and 2.33% by others.

On July 28, 2000, VimpelCom completed the offering of its common stock in the form of ADS and senior convertible notes registered with the US Securities and Exchange Commission ("SEC") (Notes 13, 16).

On May 30, 2001, VimpelCom, Eco Telecom, a part of the Alfa Group of companies in Russia, Telenor and Closed Joint Stock Company VimpelCom-Region ("VimpelCom-Region"), a subsidiary of VimpelCom, signed agreements under which Eco Telecom was to purchase strategic ownership interests in VimpelCom and VimpelCom-Region, subject to certain regulatory approvals and other conditions precedent. VimpelCom-Region was formed to concentrate on the regional development of VimpelCom's GSM license portfolio. On November 5, 2001, under the terms of the transaction, Eco Telecom acquired 5,150,000 newly-issued shares of VimpelCom's common stock (equivalent of 6,866,667 ADSs) for an aggregate consideration of US$103,000, which was then contributed by VimpelCom as equity to VimpelCom-Region.

Together with the shares of common stock and convertible voting preferred stock of VimpelCom which Eco Telecom purchased from certain shareholders of VimpelCom, following the closing of the first tranche of the transaction, Eco Telecom owned 25% plus two shares of VimpelCom's total outstanding voting capital stock. Under the terms of the proposed transaction, Eco Telecom was also to make certain investments directly into VimpelCom-Region (Note 17).

VimpelCom earns revenues by providing wireless telecommunications services and selling wireless handsets and accessories under the trade name "Bee-Line" in the city of Moscow and the Moscow region, which comprise the Moscow license area, and other regions of the Russian Federation.

Open Joint Stock Company KB Impuls ("KBI"), a wholly-owned subsidiary of VimpelCom, was established in March 1991 and has been involved in the development and provision of wireless telecommunications services under the trade name "Bee-Line" in Russia. KBI was granted the first license to provide Personal Communications Services ("PCS") using the GSM-1800 standard in the Moscow license area and began full-scale commercial operations in June 1997. This license expires in April 2008.

In April 1998, VimpelCom was awarded four new GSM-1800 licenses, covering the Central and Central Black Earth, Volga, North Caucasus and Siberian regions of the Russian Federation.

In August 1998, VimpelCom and KBI received amendments to the original GSM-1800 licenses for the Moscow license area and the Central and Central Black Earth license area of Russia, to operate dual band GSM-900/1800 networks in these license areas. The cost of the allocation of frequencies under these amendments was US$30,000.

In August 1999, VimpelCom received amendments to the original GSM-1800 licenses for the Volga, North Caucasus and Siberian regions of the Russian Federation, to operate dual band GSM-900/1800 networks in these license areas. There was no additional cost associated with these amendments.

In April 2000, VimpelCom's amended GSM-1800 licenses covering the Central and Central Black Earth, Volga, North Caucasus and Siberian regions of the Russian Federation were re-issued to VimpelCom-Region.

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On September 12, 2002, VimpelCom-Region was awarded a GSM-1800 license for the Northwest region. VimpelCom-Region's subsidiaries, Open Joint Stock Company Orensot ("Orensot") and Closed Joint Stock Company Extel ("Extel"), hold a GSM-900/1800 license for the Orenburg license area and GSM-900 license for the Kaliningrad license area, respectively. The GSM license held by Limited Liability Company Vostok-Zapad Telecom ("Vostok-Zapad Telecom"), a subsidiary of VimpelCom-Region, provides for the operation of a GSM-1800 network throughout the Ural region and a dual band GSM-900/1800 network in six territories within the Ural region.

In addition, VimpelCom operates an AMPS/D-AMPS wireless telephone network under a license issued by the State Committee of the Russian Federation for Communications and Informatization, which expires in November 2007. VimpelCom determined that its long-lived assets relating to AMPS/D-AMPS network in the Moscow license area were impaired as of December 2000 due to the migration of customers from its AMPS/D-AMPS system to its GSM network (Note 10).

VimpelCom has also been granted AMPS licenses to operate cellular networks in the Kaluga, Karelia, Ryazan, Tver, Ulyanovsk, Vladimir and Vologda license areas. VimpelCom's subsidiary, Open Joint Stock Company Bee-Line Samara ("Bee-Line Samara"), was granted a license to operate an AMPS wireless network in the Samara region. Closed Joint Stock Company Cellular Company ("Cellular Company"), a subsidiary of VimpelCom-Region, holds an AMPS license for the Novosibirsk license area.

2 Basis of Presentation and Significant Accounting Policies

Basis of Presentation

VimpelCom maintains its records and prepares its financial statements in accordance with Russian accounting and tax legislation and accounting principles generally accepted in the United States of America ("US GAAP"). The accompanying consolidated financial statements differ from the financial statements issued for statutory purposes in Russia in that they reflect certain adjustments, not recorded in VimpelCom's statutory books, which are appropriate to present the financial position, results of operations and cash flows in accordance with US GAAP. The principal adjustments relate to: (1) revenue recognition; (2) recognition of interest expense and other operating expenses; (3) valuation and depreciation of property and equipment; (4) foreign currency translation; (5) deferred income taxes; (6) capitalization and amortization of telephone line capacity; (7) valuation allowances for unrecoverable assets; (8) capital leases; and (9) consolidation and accounting for subsidiaries.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of VimpelCom and its subsidiaries KBI, Closed Joint Stock Company RTI Service-Svyaz ("RTI Service-Svyaz"), Closed Joint Stock Company Impuls KB, Closed Joint Stock Company BeeOnLine-Portal, Closed Joint Stock Company MSS-Start ("MSS-Start"), Bee-Line Samara, VC ESOP N.V., Vimpelcom Finance B.V. and its subsidiary VimpelCom B.V., VimpelCom-Region and its subsidiaries Closed Joint Stock Company Cellular Company ("Cellular Company"), Orensot, Extel, Vostok-Zapad Telecom, Closed Joint Stock Company Mobile Communication Center – Smolensk, Closed Joint Stock Company Mobile Communication Center – Lipetsk, Closed Joint Stock Company Mobile Communication Center – Ryazan, Closed Joint Stock Company Mobile Communication Center – Tver and Closed Joint Stock Company Mobile Communication Center – Nizhny Novgorod. The accompanying consolidated financial statements also include the accounts of VimpelCom (BVI) Limited, a special-purpose entity affiliated with and controlled by VimpelCom, and VC Limited, a wholly-owned subsidiary of VimpelCom (BVI) Limited.

In accordance with the requirements of the Financial Accounting Standards Board's (the "FASB") Emerging Issues Task Force Issue ("EITF") No. 96-16, "Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights", VimpelCom consolidates majority-owned subsidiaries when minority shareholders do not have substantive participating rights.

All intercompany accounts and transactions have been eliminated.

The equity method of accounting is used for companies in which VimpelCom has significant influence. Generally this represents voting stock ownership of at least 20% and not more than 50%.

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Foreign Currency Translation

VimpelCom's functional currency is the US dollar because the majority of its revenues, costs, property and equipment purchased, and debt and trade liabilities are either priced, incurred, payable or otherwise measured in US dollars. Accordingly, transactions and balances not already measured in US dollars (primarily Russian rubles and Euros) have been re-measured into US dollars in accordance with the relevant provisions of US Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation".

Under SFAS No. 52, revenues, costs, capital and non-monetary assets and liabilities are translated at historical exchange rates prevailing on the transaction dates. Monetary assets and liabilities are translated at exchange rates prevailing on the balance sheet date. Exchange gains and losses arising from re-measurement of monetary assets and liabilities that are not denominated in US dollars are credited or charged to operations.

The ruble is not a fully convertible currency outside the territory of the Russian Federation. Within the Russian Federation, official exchange rates are determined daily by the Central Bank of Russia ("CBR"). Market rates may differ from the official rates but the differences are, generally, within narrow parameters monitored by the CBR. As of December 31, 2002 and 2001, the official rates of exchange were 31.78 rubles = US$1 and 30.14 rubles = US$1, respectively. The translation of ruble-denominated assets and liabilities into US dollars for the purposes of these financial statements does not indicate that VimpelCom could realize or settle, in US dollars, the reported values of these assets and liabilities. Likewise, it does not indicate that VimpelCom could return or distribute the reported US dollar value of capital to its shareholders.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates.

Cash and Cash Equivalents

VimpelCom considers all highly liquid investments with a remaining maturity of 90 days or less at the time of purchase to be cash equivalents. Cash equivalents are carried at cost which approximates fair value.

Short-term Investments

Short-term investments consist primarily of promissory notes and trading securities. Short-term investments are considered to be trading securities and are stated at fair value, with unrealized gains and losses included in gain (loss) on trading securities.

Doubtful Accounts

VimpelCom reviews the valuation of accounts receivable on a monthly basis. The allowance for doubtful accounts is estimated based on historical experience of cash collections and future expectations of conditions that might impact the collectibility of accounts.

Inventory

Inventory consists of telephone handsets and accessories for resale and is stated at the lower of cost or market. Cost is computed using the average cost method.

Property and Equipment

Property and equipment is stated at historical cost. Telecommunications equipment, including equipment acquired under capital leases, is depreciated using the straight-line method over its estimated useful life of nine and one-half years. Buildings and leasehold improvements are depreciated using the straight-line method over estimated useful lives of twenty years. Office and measuring equipment, and vehicles and furniture are depreciated using the straight-line method over estimated useful lives ranging from five to ten years.

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Repair and maintenance costs are expensed as incurred.

Intangible Assets

Intangible assets consist primarily of telephone line capacity, wireless licenses, goodwill and other intangible assets. VimpelCom capitalizes payments made to third party suppliers to acquire access to and for use of telephone lines (telephone line capacity). These payments are accounted for as intangible assets and are amortized on a straight-line basis over ten years. Licenses are amortized on a straight-line basis until the expiration date of the licenses. Goodwill represents the excess of consideration paid over the fair value of net assets acquired in purchase business combinations. In 2000 and 2001, goodwill was amortized using the straight-line method over estimated remaining useful life. With the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets", as of January 1, 2002, no amortization was taken on these assets in 2002. Other intangible assets are amortized on a straight-line basis over their estimated useful lives, generally four to ten years.

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," VimpelCom continues to evaluate the amortization period for intangible assets with finite lives to determine whether events or circumstances warrant revised amortization periods. In accordance with SFAS No. 142, VimpelCom tests goodwill for impairment on an annual basis. Additionally, goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of an entity below its carrying value. These events or circumstances would include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors.

Software Costs

Under the provision of Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use", VimpelCom capitalizes costs associated with software developed or obtained for internal use when both the preliminary project stage is completed and VimpelCom management has authorized further funding of the project which it deems probable will be completed and used to perform the function intended. Capitalization of such costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose.

Research and development costs and other computer software maintenance costs related to software development are expensed as incurred. Capitalized software development costs are amortized using the straight-line method over the expected life of the product.

Long-Lived Assets

VimpelCom accounts for impairment of long-lived assets, except for goodwill, in accordance with the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Revenue Recognition

VimpelCom earns service revenues for usage of its cellular system. Revenue is recognized when the service is rendered. Revenues from equipment sales and other services are recognized in the period in which the equipment is sold and services are rendered. Revenue on prepaid cards is deferred and recognized when services are rendered. Revenues are stated net of value added taxes charged to customers.

In accordance with the provisions of the SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements", VimpelCom has deferred telecommunications connection fees. The deferral of revenue will be recognized over the estimated average subscriber life, which is generally two years.

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Advertising

VimpelCom expenses the cost of advertising as incurred. Advertising expenses for the years ended December 31, 2002, 2001 and 2000 were US$30,450, US$21,829 and US$18,488, respectively.

Rent

VimpelCom leases office space and premises where telecommunications equipment is installed. There were no non-cancelable operating leases in 2002 and 2001.

Rent expense under all operating leases and rental contracts in 2002, 2001 and 2000 was US$18,152, US$9,656, and US$5,768, respectively.

Deferred Taxes

VimpelCom computes and records income tax in accordance with SFAS No. 109, "Accounting for Income Taxes". Under the asset and liability method of SFAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Government Pension Fund

VimpelCom contributes to the Russian Federation state pension fund on behalf of its employees. VimpelCom's contribution was expensed as incurred. Total amounts expensed in connection with contributions to the state pension fund for the years ended December 31, 2002, 2001 and 2000 were US$7,668, US$5,037 and US$2,793, respectively.

Concentration of Credit Risk

Trade accounts receivable consist of amounts due from subscribers for airtime usage and equipment sales. In certain circumstances, VimpelCom requires deposits as collateral for airtime usage. In addition, VimpelCom has introduced a prepaid service for both DAMPS and GSM networks. Equipment sales are typically paid in advance of delivery. VimpelCom's credit risk arising from its trade accounts receivable is mitigated due to the large number of its subscribers, of which approximately 85% subscribed to a prepaid service as of December 31, 2002 and, accordingly, do not give rise to credit risk.

VimpelCom deposits available cash with financial institutions in the Russian Federation. Deposit insurance is not offered to financial institutions operating in Russia. To manage this credit risk, VimpelCom allocates its available cash to a variety of Russian banks and Russian affiliates of international banks. Management periodically reviews the credit worthiness of the banks in which it deposits cash.

VimpelCom issues advances to a variety of vendors of property and equipment for its network development. The contractual arrangements with the most significant vendors (Alcatel, Ericsson and Technoserve A/S) 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.

Fair Value of Financial Instruments

The carrying amounts for financial instruments, consisting of cash and cash equivalents, short-term investments, trade accounts receivable, forward agreement obligations under accounts payable, bank loans and equipment financing liabilities approximate their fair value.

The fair value of senior convertible notes based on quoted market prices was US$106,266 and US$86,198 as of December 31, 2002 and 2001, respectively.

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Comprehensive Income

SFAS No. 130, "Reporting Comprehensive Income", requires the reporting of comprehensive income in addition to net income (loss). Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income but as an adjustment to shareholders' equity. VimpelCom does not have comprehensive income items. Accordingly, net income (loss) is equivalent to comprehensive income for each of the years presented.

Stock-Based Compensation

VimpelCom follows the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", for its stock option plan. SFAS No. 123 generally allows companies to either account for stock-based compensation under the new provisions of SFAS No. 123 or under the provisions of Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees". Because the fair value accounting requires use of option valuation models that were not developed for use in valuing employee stock options (see Note 23), VimpelCom has elected to account for its stock-based compensation in accordance with the provisions of APB No. 25 and related Interpretations and present pro forma disclosures of results of operations as if the fair value method had been adopted.

The following table illustrates the effect on net income and earnings per share if the company had applied the fair value recognition provisions of FASB Statement No. 123, to stock-based employee compensation.

	Years Ended December 31,		
	2002	**2001**	**2000**
Net income (loss), as reported	**US$ 129,552**	US$ 47,301	US$ (77,801)
Add: Compensation expense in respect of 2000 Stock Option Plan, as reported	**4,085**	—	—
Deduct: Compensation expense in respect of 2000 Stock Option Plan determined under fair value based method for all awards	**(1,386)**	(1,363)	(42)
Pro forma net income	**US$ 132,251**	US$ 45,938	US$ (77,843)
Earnings per share:			
Basic—as reported	**US$ 3.41**	US$ 1.41	US$ (2.57)
Basic—pro forma	**US$ 3.48**	US$ 1.37	US$ (2.57)
Diluted—as reported	**US$ 2.91**	US$ 1.18	US$ (2.57)
Diluted—pro forma	**US$ 2.97**	US$ 1.15	US$ (2.57)

Derivative Instruments and Hedging Activities

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", requires companies to recognize all of its derivative instruments as either assets or liabilities in the statement of financial position at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, VimpelCom designates the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation.

For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in the same line item associated with the hedged item in current earnings during the period of the change in fair values.

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Business Combinations, Goodwill and Other Intangible Assets

In July 2001, the Financial Accounting Standards Board (the "FASB") issued SFAS's No. 141, "Business Combinations", and No. 142, "Goodwill and Other Intangible Assets", effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with SFAS No. 142. Other intangible assets will continue to be amortized over their useful life. Impairment losses that arise due to the initial application of this standard should be reported as a cumulative effect of a change in accounting principle.

VimpelCom has adopted SFAS No. 141, "Business Combinations", which was effective for business combinations consummated after June 30, 2001. VimpelCom adopted SFAS No. 142, "Goodwill and Other Intangible Assets", on January 1, 2002, and discontinued amortization of goodwill as of such date. The impact of non-amortization of goodwill on VimpelCom's net income for the year ended December 31, 2002 was an increase of US$1,632, or US$0.04 per share of common stock – basic and US$0.04 per share of common stock – diluted, respectively.

VimpelCom has completed the goodwill impairment testing identified in SFAS No. 142 and identified that there was no impairment of goodwill as of December 31, 2002.

Accounting for Assets Retirement Obligations

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement deals with the costs of closing facilities and removing assets. SFAS No. 143 requires entities to record the fair value of a legal liability for an asset retirement obligation in the period it is incurred. This cost is initially capitalized and amortized over the remaining life of the asset. Once the obligation is ultimately settled, any difference between the final cost and the recorded liability is recognized as a gain or loss on disposition. SFAS No. 143 is effective for years beginning after June 15, 2002. The adoption of the provisions of SFAS No. 143 is not expected to have a material impact on VimpelCom's results of operations, financial position or cash flow.

Accounting for Costs Associated with Exit or Disposal Activities

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. This statement nullifies Emerging Issues Task Force No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring," which required that a liability for an exit cost be recognized upon the entity's commitment to an exit plan. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The adoption of the provisions of SFAS No. 146 is not expected to have a material impact on VimpelCom's results of operations, financial position or cash flow.

Accounting for Stock-Based Compensation

In December 2002, the FASB issued SFAS No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123 "Accounting for Stock-Based Compensation" to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of SFAS No. 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. SFAS No. 148 also amends APB Opinion No. 28 "Interim Financial Reporting" to require disclosure about those effects in interim financial information. The amendments to SFAS No. 123 introduced in SFAS No. 148 effective for financial statements for fiscal years ending after December 15, 2002. VimpelCom adopted the disclosure requirements of SFAS No. 148 in the consolidated financial statements for the year ended December 31, 2002.

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Accounting for Guarantees

In November 2002, the FASB issued FASB Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". FIN No. 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. The disclosure provisions of FIN No. 45 are effective for financial statements of annual periods that end after December 15, 2002. The provisions for initial recognition and measurement are effective on a prospective basis for guarantees that are issued or modified after December 31, 2002. The adoption of the provisions of FIN No. 45 did not have a material impact on VimpelCom's results of operations, financial position or cash flow.

Consolidation of Variable Interest Entities

In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities". FIN No. 46 defines the concept of "variable interests" and requires existing unconsolidated variable interest entities to be consolidated into the financial statements of their primary beneficiaries if the variable interest entities do not effectively disperse risks among the parties involved. FIN No. 46 applies immediately to variable interest entities created after January 31, 2003. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. If it is reasonably possible that an enterprise will consolidate or disclose information about a variable interest entity when FIN No. 46 becomes effective, the enterprise must disclose information about those entities in all financial statements issued after January 31, 2003. The interpretation may be applied prospectively with a cumulative-effect adjustment as of the date on which it is first applied or by restating previously issued financial statements for one or more years, with a cumulative-effect adjustment as of the beginning of the first year restated. VimpelCom does not expect that the adoption of the provisions of FIN No. 46 will have a material impact on VimpelCom's future results of operations, financial position or cash flow.

Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the current year presentation.

3 Changes in Estimates

At the beginning of fiscal year 2002, VimpelCom changed the estimated remaining useful life of DAMPS telecommunications equipment from 6.5 to 5 years. The change decreased net income for the year ended December 31, 2002 by approximately US$3,152 equivalent to US$0.08 per share of common stock – basic and US$0.07 per share of common stock – diluted.

At the beginning of the second quarter 2002, VimpelCom changed the estimated remaining useful life of NAMPS telecommunications equipment from 4.25 to 1.75 years. The change decreased net income for the year ended December 31, 2002 by approximately US$1,752 equivalent to US$0.05 per share of common stock – basic and US$0.04 per share of common stock – diluted.

At the beginning of the third quarter 2002, VimpelCom changed the estimated remaining useful life of certain items of telecommunications equipment from 5 to 0.5 years. The change decreased net income for the year ended December 31, 2002 by approximately US$2,239 equivalent to US$0.06 per share of common stock – basic and US$0.05 per share of common stock – diluted.

At the beginning of the fourth quarter 2002, VimpelCom changed the estimated remaining useful life of certain items of telecommunications equipment from 5 to 0.25 years. The change decreased net income for the year ended December 31, 2002 by approximately US$1,857 equivalent to US$0.05 per share of common stock – basic and US$0.04 per share of common stock – diluted.

4 Acquisitions

On December 15, 1999, VimpelCom paid US$29,536 to Alcatel SEL AG ("Alcatel") for the 12% of KBI's common stock, which VimpelCom did not previously own. In accordance with Russian legislation, legal ownership of shares is effective as at the date of registration of the transaction in the register of shareholders. The purchase of KBI's shares by VimpelCom was registered on January 3, 2000. The excess of acquisition cost over the fair market value of 12% of the net assets of KBI amounted to US$12,699 and was recorded as goodwill. Goodwill was amortized on a straight-line basis over its estimated useful life, 8 years, until December 31, 2001 and is subject to annual impairment tests commencing January 1, 2002.

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On March 13, 2000, VimpelCom increased its share of ownership in RTI Service-Svyaz to 100% by acquiring the remaining 50% of voting shares it did not previously own for US$3,026. The excess of the fair market value of 50% of the net assets of RTI Service-Svyaz over acquisition cost reduced the value of property and equipment in the accompanying consolidated financial statements.

In January 2001, VimpelCom acquired 100% of the shares of common stock of MSS-Start operating under a trademark "Mobile Center", a retail dealer for mobile communications companies, for US$3,192. The acquisition was recorded under the purchase method of accounting. The results of operations of MSS-Start were included in the accompanying consolidated statement of operations from the date of acquisition. The fair value of net assets acquired approximated the cost of acquisition.

In April 2001, VimpelCom-Region, a subsidiary of VimpelCom, acquired 93% of shares of common stock of Cellular Company, a cellular operator in Novosibirsk, operating under trade marks "Bee Line" and "Fora", for US$4,544. The acquisition was recorded under the purchase method of accounting. The results of operations of Cellular Company were included in the accompanying financial statement from the date of acquisition. The excess of acquisition cost over the fair value of 93% of net assets of Cellular Company amounted to US$317 as of the date of acquisition and was recorded as goodwill. Goodwill was amortized on a straight-line basis over its estimated useful life, 7 years, until December 31, 2001 and is subject to annual impairment tests commencing January 1, 2002.

In February 2002, VimpelCom-Region acquired 5% of Cellular Company's common stock, which VimpelCom-Region did not previously own, for US$227. The excess of acquisition cost over the fair value of 5% of the net assets of Cellular Company amounted to US$15 and was recorded as goodwill. Goodwill is subject to annual impairment tests.

2% of shares of common stock of Cellular Company were owned by KBI before the acquisition. Therefore, after the acquisition, VimpelCom-Region and KBI collectively controlled 100% of shares of the common stock of Cellular Company.

In July 2002, VimpelCom-Region acquired 77.6% of common stock of Orensot, a cellular communication enterprise operating in the Orenburg region, for US$14,204. In October 2002, VimpelCom-Region acquired 21.21% of Orensot's common stock, which VimpelCom-Region did not previously own, for US$3,882. This transaction increased VimpelCom-Region's ownership in Orensot to 98.81%. The acquisitions were recorded under the purchase method of accounting. The results of operations of Orensot were included in the accompanying consolidated statement of income from the date of acquisition. The fair value of net assets acquired approximated the cost of acquisition.

In October 2002, VimpelCom acquired 1% of common stock of Bee-Line Samara, a cellular operator in Samara region, which VimpelCom did not previously own, for US$680. This transaction increased VimpelCom's ownership in Bee-Line Samara to 51%. The acquisition was recorded under purchase method of accounting. The investment in Bee-Line Samara was accounted for under the equity method prior to October 2002. The accounts of Bee-Line Samara are included in VimpelCom's consolidated financial statements from October 2002. The fair value of 1% of net assets acquired approximated the cost of acquisition.

In December 2002, VimpelCom-Region acquired 100% of Extel, a cellular communication enterprise operating in the Kaliningrad region, for US$25,312. The acquisition was recorded under the purchase method of accounting. The results of operations of Extel were included in the accompanying consolidated statement of income from the date of acquisition. The fair value of net assets acquired approximated the cost of acquisition.

In December 2002, VimpelCom-Region acquired 100% of ownership interest in Vostok-Zapad Telecom, a company that holds a GSM-900/1800 license for operations in the Ural region, for US$26,608. The acquisition was recorded under the purchase method of accounting. The results of operations of Vostok-Zapad Telecom were included in the accompanying consolidated statement of operations from the date of acquisition. The fair value of net assets acquired approximated the cost of acquisition.

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The following table summarizes the estimated fair values of the intangible assets acquired of Orensot, Bee-Line Samara, Extel and Vostok-Zapad Telecom at the date of acquisition.

Intangible assets subject to amortization (10.9 years weighted-average useful life)	
Licenses (11.0 years weighted-average useful life)	US$ 71,701
Other intangible assets (8.5 years weighted-average useful life)	711
	US$ 72,412

The following unaudited pro forma combined results of operations for VimpelCom give effect to Orensot, Bee-Line Samara, Extel and Vostok-Zapad Telecom business combinations as if they had occurred at the beginning of 2002 and 2001. These pro forma amounts are provided for informational purposes only and do not purport to present the results of operations of VimpelCom had the transactions assumed therein occurred on or as of the date indicated, nor is it necessarily indicative of the results of operations which may be achieved in the future.

	Years ended December 31,	
	2002	**2001**
Pro forma total operating revenues	US$818,012	US$463,179
Pro forma net income	137,171	52,075
Pro forma basic net income per common share	3.61	1.55
Pro forma diluted net income per common share	3.08	1.30

5 Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31:

	2002	**2001**
Rubles	**US$ 40,185**	US$ 21,670
US dollars	**182,815**	110,631
EURO and other currencies	**40,657**	11,871
	US$ 263,657	US$ 144,172

6 Other Current Assets

Other current assets consisted of the following at December 31:

	2002	**2001**
Value added tax and other taxes	**US$ 88,528**	US$ 37,298
Advances to suppliers	**15,194**	6,905
Forward agreement (Note 7)	**2,639**	—
Prepayment under forward agreement (Note 7)	**2,041**	—
Other	**9,956**	5,569
	US$ 118,358	US$ 49,772

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7 Forward Agreements with Citibank

VimpelCom enters into forward exchange contracts to hedge certain liabilities denominated in foreign currencies. The purpose of VimpelCom's foreign currency hedging activities is to protect VimpelCom from risk that the eventual dollar cash outflows from payments in Euros to vendors of equipment will be adversely affected by changes in the exchange rates.

On May 14, 2002, VimpelCom entered into a forward agreement with Citibank for purchase of EURO 5,000 thousand on November 15, 2002 for US dollars at a rate of 0.897 EURO/1US$ to hedge foreign currency risk associated with the liability under equipment financing agreements between KBI and Alcatel. The agreement qualified for hedge accounting under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. VimpelCom purchased EURO 5,000 thousand on November 15, 2002. The net gain of US$542 related to the change in the fair value of the derivative from May 14, 2002 to November 15, 2002 was included in net foreign exchange loss in the accompanying consolidated statement of income for the year ended December 31, 2002.

On August 26, 2002, KBI entered into a forward agreement with Citibank for purchase of EURO 89,912 thousand for US dollars at a rate of 0.9599 EURO/1US$ in several installments during the period from January 2003 to January 2006 to hedge foreign currency risk associated with the liability under equipment financing agreements between KBI and Alcatel. The agreement qualified for hedge accounting under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. The derivative was recorded at fair value of US$6,222 as of December 31, 2002, and included in other current assets and other assets in the amount of US$2,639 and US$3,583, respectively, in the accompanying consolidated balance sheet (Notes 6, 11). The net gain of US$6,222 related to the change in the fair value of the derivative was included in net foreign exchange loss in the accompanying consolidated statement of income for the year ended December 31, 2002.

In accordance with the forward agreement, KBI made a prepayment in the amount of US$8,000 with Citibank. As of December 31, 2002, the deposit was recorded as other current assets and other assets in the amount of US$2,041 and US$5,959, respectively (Notes 6, 11).

8 Property and Equipment

Property and equipment, at cost, except for impaired assets, consisted of the following at December 31:

	2002	2001
Telecommunications equipment held under capital lease agreements	**US$ 8,424**	US$ 5,517
Telecommunications equipment	**640,295**	340,464
Buildings and leasehold improvements	**39,892**	37,611
Office and measuring equipment	**58,951**	39,284
Vehicles	**4,072**	3,042
Furniture	**4,470**	3,411
Other equipment	**4,919**	4,705
	761,023	434,034
Accumulated depreciation	**(165,930)**	(107,738)
Equipment not installed and assets under construction	**362,509**	209,109
	US$ 957,602	US$ 535,405

Capitalized interest in the amount of US$1,583 and US$0 was included in the cost of telecommunications equipment in the year ended December 31, 2002 and 2001, respectively.

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In July 2000, VimpelCom purchased all the telecommunications equipment previously held under capital lease agreements with AB LM Ericsson Finans.

In April 2001, VimpelCom-Region acquired Cellular Company (Note 4). Cellular Company had telecommunications equipment held under capital lease agreements (Note 15).

In October 2002, VimpelCom acquired controlling ownership interest in Bee-Line Samara (Note 4). Bee-Line Samara had telecommunications equipment held under capital lease agreements (Note 15).

Accumulated depreciation on telecommunications equipment held under capital lease agreements amounted to US$2,965 and US$988 at December 31, 2002 and 2001, respectively. Depreciation expense in respect of telecommunications equipment held under capital lease amounted to US$1,977, US$988 (commencing April 2001) and US$9,789 (until July 2000) for the years ended December 31, 2002, 2001 and 2000, respectively, and was included in depreciation expense in the accompanying consolidated statements of operations.

VimpelCom recorded an impairment charge of US$61,000 in respect of telecommunications equipment as of December 31, 2000 (Note 10).

9 Telecommunications Licenses and Other Intangible Assets

The total gross carrying value and accumulated amortization of VimpelCom's telecommunications licenses was as follows:

	December 31, 2002		December 31, 2001	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	101,826	**(13,441)**	30,000	(9,954)

Telecommunications licenses were initially recorded at cost. Telecommunications licenses acquired in business combinations were initially recorded at their fair value as of the acquisition date.

The total gross carrying value and accumulated amortization of VimpelCom's intangible assets by major intangible asset class was as follows:

	December 31, 2002		December 31, 2001	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Telephone line capacity	**US$ 89,826**	**US$ (45,487)**	US$ 76,553	US$ (37,404)
Goodwill	**13,025**	**(3,209)**	13,010	(3,209)
Other intangible assets	**3,439**	**(1,864)**	3,240	(1,310)
	US$ 106,290	**US$ (50,560)**	US$ 92,803	US$ (41,923)

Amortization expense for each of the succeeding five years is expected to be as follows:

2003	US$19,595
2004	19,595
2005	19,595
2006	19,595
2007	18,681

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The pro forma impact of non-amortization of goodwill on net income and net income per share for the year ended December 31, 2001 compared to actual results for the year ended December 31, 2002 is as follows:

	Years ended December 31,		
	2002	2001	2000
	(In thousands of US dollars, except per share amounts)		
Reported net income	**US$ 129,552**	US$ 47,301	US$ (77,801)
Goodwill amortization	**—**	1,621	1,588
Adjusted net income	**US$ 129,552**	US$ 48,922	US$ (76,213)
Basic net income per common share:			
Reported net income	**US$ 3.41**	US$ 1.41	US$ (2.57)
Goodwill amortization	**—**	0.04	0.05
Adjusted net income per common share	**US$ 3.41**	US$ 1.45	US$ (2.52)
Diluted net income per common share:			
Reported net income	**US$ 2.91**	US$ 1.18	US$ (2.57)
Goodwill amortization	**—**	0.04	0.05
Adjusted net income per common share	**US$ 2.91**	US$ 1.22	US$ (2.52)

VimpelCom recorded an impairment charge of US$5,467 in respect of other intangible assets as of December 2000 (Note 10).

10 Impairment Charges

Based upon a comprehensive review of long-lived assets, VimpelCom determined that as of December 2000, its telecommunications AMPS/D-AMPS network equipment in the Moscow license area and licenses from the vendor of the equipment were impaired. A marketing research study performed by VimpelCom indicated that the migration rate of subscribers from VimpelCom's AMPS/D-AMPS network to its GSM network had increased. Accordingly, revised revenue forecasts for the AMPS/D-AMPS network were based on a lower number of subscribers. VimpelCom recorded an impairment charge of US$66,467, including US$61,000 in respect of equipment and US$5,467 in respect of licenses classified as intangible assets in the accompanying consolidated balance sheets. These amounts represent an excess of the carrying amount of assets over their fair value. Fair value was determined as the present value of estimated future cash flows expected to result from the use of the assets. No impairment charges were recognized in 2002 or 2001.

11 Other Assets

	2002	2001
Software, at cost	**US$ 54,681**	US$23,321
Accumulated depreciation	**(10,867)**	(3,031)
	43,814	20,290
Prepayments to suppliers	**36,309**	24,813
Prepayment under forward agreement (Note 7)	**5,959**	—
Forward agreement (Note 7)	**3,583**	—
Equity investments	**1,556**	3,833
Other assets	**1,283**	812
	US$ 92,504	US$49,748

12 Bank Loans

Bank loans consisted of the following as of December 31:

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	2002	2001
Sberbank – loan to VimpelCom	**US$ 50,100**	US$ 66,800
Sberbank – loan to Cellular Company	**—**	1,152
J.P. Morgan AG	**250,000**	—
Sberbank – loan to VimpelCom-Region	**39,380**	—
Gazbank	**2,211**	—
Other loans	**2,169**	—
	343,860	67,952
Less current portion	**(37,780)**	(17,852
Total long-term bank loans	**US$ 306,080**	US$ 50,100

On April 28, 2000, Sberegatelny Bank of the Russian Federation ("Sberbank") provided a four-year, US dollar denominated, credit line of US$80,000 to VimpelCom. The amount of the credit line was subsequently reduced to US$66,800. VimpelCom had the right to draw down the entire amount before April 28, 2001. VimpelCom has made drawings under the credit line in the total amount of US$66,800. The loan is to be repaid in eight equal installments, on a quarterly basis, commencing July 10, 2002. The interest rate as at the date of signing was 13.25% per annum and is subject to change by Sberbank. As of December 31, 2002, the interest rate was 11.5% per annum.

As of December 31, 2002, assets pledged as collateral against this credit line included certain items of telecommunications equipment and buildings in Moscow owned by VimpelCom with an approximate carrying amount of US$66,151 and US$14,974, respectively, all of VimpelCom's shares in MSS-Start, 50% of shares in Bee-Line Samara, and promissory notes issued by VimpelCom to RTI Service-Svyaz with a nominal amount of 930,000 thousand rubles (US$29,264 at exchange rate as of December 31, 2002). The carrying amount of 50% of net assets of Bee-Line Samara in the accompanying consolidated balance sheet as of December 31, 2002 was US$6,818. The carrying amount of net assets of MSS-Start in the accompanying consolidated balance sheet as of December 31, 2002 was US$2,732. Under the loan agreement between VimpelCom and Sberbank, VimpelCom is subject to certain defined debt covenant restrictions, including several restrictions related to financial condition.

The loan payable to Sberbank by Cellular Company denominated in US dollars bears interest of 4% per annum. The proceeds from the loan were used to open a stand-by letter of credit to secure certain liabilities of Cellular Company to Motorola Credit Corporation ("Motorola") under a lease agreement (Note 15). The loan was fully repaid as of December 31, 2002.

On April 26, 2002, the offering of 10.45% Loan Participation Notes ("Notes") issued by, but without recourse to J.P. Morgan AG, for the sole purpose of funding a US$250,000 loan to VimpelCom was completed. The loan will mature on April 26, 2005. VimpelCom is to pay cash interest on the loan at the rate of 10.45% per annum from April 26, 2002, payable semi-annually on April 26 and October 26 of each year. Such interest payments commenced on October 26, 2002. As of December 31, 2002, interest in amount of US$4,718 was accrued. Gross issuance costs comprised US$6,569 and were included, net of related accumulated amortization of US$1,459, in unamortized debt issue costs in the accompanying consolidated balance sheet. Amortization of debt issuance costs is included in interest expense in the accompanying consolidated financial statements. Under the loan agreement between VimpelCom and J.P. Morgan AG, VimpelCom is subject to certain defined debt covenant restrictions, including several restrictions related to financial condition.

In December 2002, Sberbank provided a US dollar denominated credit line of US$70,000 to VimpelCom-Region. VimpelCom-Region has the right to draw down the entire amount before April 1, 2003. As of December 31, 2002, VimpelCom-Region's drawings under the credit line amounted to US$39,380. The loan will be repaid in twelve installments, on a quarterly basis, commencing November 27, 2004. The loan bears interest at an annual rate of 13%.

As of December 31, 2002, assets pledged as collateral against the loan from Sberbank to VimpelCom-Region included certain items of telecommunications equipment with an approximate carrying amount of US$49,606 and promissory notes issued by VimpelCom-Region to Cellular Company with a nominal amount of 1,551,602 thousand rubles (US$48,816 at exchange rate as of December 31, 2002).

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VimpelCom irrevocably, fully and unconditionally guaranteed VimpelCom-Region's obligations under the loan from Sberbank for the total amount of US$36,000.

On December 20, 2002, Closed Joint Stock Company Commercial Bank Gazbank ("Gazbank") provided a one year, ruble denominated, loan of 21,000 thousand rubles (US$661 at exchange rate as of December 31, 2002) and a one year, US dollar denominated, loan of US$1,550 to Bee-Line Samara. As of December 31, 2002, drawings under the loans amounted to US$2,211. The loans should be repaid no later than December 22, 2003. The US dollar denominated loan bears interest at an annual rate of 14%. The ruble denominated loan bears interest at an annual rate of 26% and is subject to change by Gazbank. As of December 31, 2002, the interest rate for ruble denominated loan was 26% per annum.

As of December 31, 2002, assets pledged as collateral against the loans from Gazbank included certain items of telecommunications equipment with an approximate carrying value of US$3,579.

13 Senior Convertible Notes

On July 28, 2000, the offering of senior convertible notes registered with the SEC raised a total of US$70,320 (net of cost of issuance of US$4,680). Unamortised balance of debt issue costs of US$2,758 and US$3,618 was included in non-current assets in the accompanying consolidated balance sheets as of December 31, 2002 and 2001, respectively.

The convertible notes will mature on July 28, 2005. Holders of the convertible notes may convert the notes into ADSs at any time after September 28, 2000 at the conversion price of US$27.0312 per ADS, subject to certain adjustments. VimpelCom is to pay cash interest on the convertible notes at the rate of 5.5% per annum from July 28, 2000, payable semi-annually on January 28 and July 28 of each. Such interest payments commenced on January 28, 2001. Unless previously converted or redeemed, VimpelCom is to repay the convertible notes at 135.41% of their principal amount, which represents a yield to maturity of 11% per annum compounded on a semi-annual basis. Amortization of discount on the notes and debt issuance costs is included in interest expense in the accompanying consolidated financial statements.

The convertible notes are redeemable by VimpelCom starting from July 28, 2003 at their accreted value, plus accrued but unpaid cash interest and any additional amounts, if the market price of the ADSs on the New York Stock Exchange exceeds 140% of the conversion price during a period of 30 consecutive trading days.

Senior convertible notes were issued by VimpelCom B.V., a wholly-owned subsidiary of VimpelCom Finance B.V., which is a wholly-owned subsidiary of VimpelCom. VimpelCom B.V. is a company with no assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of senior convertible notes.

VimpelCom irrevocably, fully and unconditionally guaranteed VimpelCom B.V.'s obligations under the senior convertible notes, including the performance by VimpelCom B.V. of its conversion obligation.

14 Equipment Financing Obligations

Agreements between KBI and Alcatel

KBI entered into an agreement with Alcatel for the purchase and installation in four phases of mobile telecommunications GSM network equipment with a total contract value of US$135,000. In order to finance the transaction, KBI and Alcatel entered into a deferred payment agreement in the aggregate principal amount of US$113,242 plus interest (the "Alcatel Agreement"). In addition, Alcatel received shares of KBI's common stock representing the remaining 12% of the outstanding capital stock of KBI after giving effect to such issuance. These shares were valued at US$21,758 in accordance with the market value of the equipment and services to be provided, adjusted for put and call options attached to the issuance. As described in Note 4, on January 3, 2000, VimpelCom purchased the 12% of KBI shares held by Alcatel for US$29,536.

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The Alcatel Agreement requires interest to be paid at the US dollar LIBOR rate plus 4.0% over a period to be determined by the timing of the initiation of the four different phases of the Alcatel Agreement. Financing of the contract by Alcatel provides for repayment of Phase 1 and Phase 2 to commence no later than four years from the date of the contract. For the first phase, initiated in 1996, two annexes have been signed. The first annex related to equipment valued at US$21,758 which was contributed in kind to the charter capital of KBI. The second annex related to a delivery of equipment valued at US$21,511 under the equipment financing agreement. For the second phase, initiated in 1997, one annex was signed for equipment valued at US$47,785. For the third phase, initiated in 1998, one annex was signed for equipment valued at EURO 20,389 thousand (US$21,485) acquired in 1999. The fourth phase, initiated in 1999, was signed for equipment valued at EURO 19,919 thousand (US$18,356) acquired in 2000.

Repayment of amounts due under the Alcatel Agreement for the first and second phases were to begin after a grace period of three years from the date of acceptance of the related equipment and services, however, this grace period was to expire no later than May 26, 2000. Principal and interest repayments are made in eight semi-annual installments beginning May 27, 2000.

On May 19, 2000, KBI and Alcatel signed the fifth amendment to the deferred payment agreement (the "Fifth Amendment"). The Fifth Amendment provides for the deferral of payment of the amount of EURO 15,936 thousand (US$13,857) in respect of future deliveries of equipment under the fourth phase of the agreement on the purchase and installation of mobile telecommunications network equipment. The liability accrues interest at the EURO six-month EURIBOR rate plus 9%. Principal repayments were to be made in two equal installments, no later than July 5, 2001 and December 15, 2001. Interest was to be repaid on the same dates in the full amount accrued as of the respective date. The Fifth Amendment changed the initial terms of payment under the fourth phase. Under the initial terms, payments in respect of future deliveries of equipment were to be made within 30 days after the delivery of equipment. As of December 31, 2002, all the equipment under the fourth phase was delivered and the principal and accrued interest were repaid on due dates.

On May 19, 2000, KBI and Alcatel signed the sixth amendment to the deferred payment agreement (the "Sixth Amendment"). The Sixth Amendment provided for the deferral of payment of the amount of US$15,000 under the second phase of the agreement on the purchase and installation of mobile telecommunications network equipment. The initial payment date under the second phase was May 27, 2000. The new payment date under the Sixth Amendment was September 1, 2000 and the entire amount was paid on due date. The interest was accrued and paid for the period of May 27, 2000 through September 1, 2000 at the US dollar six-month LIBOR rate plus 6.25%.

On May 19, 2000, KBI and Alcatel signed a new agreement on the purchase and installation in two phases (fifth and sixth phases) of mobile telecommunications GSM network equipment in the total value of EURO 26,135 thousand (US$27,180 at exchange rate as of December 31, 2002). Under the new agreement, further phases may be agreed. On May 19, 2000, an annex for the fifth phase was signed for the amount of EURO 7,135 thousand (US$7,420 at exchange rate as of December 31, 2002). On June 30, 2000, an annex for the sixth phase was signed for the amount of EURO 19,000 thousand (US$19,760 at exchange rate as of December 31, 2002).

On August 23, 2000, KBI and Alcatel signed the deferred payment agreement for the fifth phase. This agreement provides for the deferral of payment of the amount of EURO 5,566 thousand (US$5,789 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under the fifth phase. The liability accrues interest at the EURO six-month EURIBOR rate plus 3.5%. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment was to become due six months after the acceptance of the related equipment, but no later than December 1, 2001. Interest should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the fifth phase.

On September 7, 2000, KBI and Alcatel signed the deferred payment agreement for the sixth phase that provides for the deferral of payment of the amount of EURO 16,150 (US$16,796 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under the sixth phase. This agreement was amended on January 10, 2001. The amount of deferred payments is divided in sub-phases 1, 2 and 3 in the amounts of EURO 12,828 thousand (US$13,341 at exchange rate as of December 31, 2002), EURO 1,700 thousand (US$1,768 at exchange rate as of December 31, 2002) and EURO 1,622 thousand (US$1,687 at exchange rate as of December 31, 2002), respectively. The liability for sub-phases 1, 2 and 3 accrues interest at the EURO six-month EURIBOR rate plus 3.5%. The first installments under sub-phases 1, 2 and 3 were to become due no later than October 1, 2001, November 24, 2001 and January 30, 2002, respectively. Principal repayments for each sub-phase are to be made in six equal and consecutive semi-annual installments. Interest in respect of the liability for each sub-phase should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the sixth phase.

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On December 20, 2000, KBI and Alcatel signed an annex for the seventh phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 8,000 thousand (US$7,277). On December 26, 2000, KBI and Alcatel signed the deferred payment agreement for the seventh phase. This agreement provides for the deferral of payment of the amount of EURO 6,800 thousand in respect of future deliveries of equipment under the seventh phase. The liability accrues interest at the EURO six-month EURIBOR rate plus 3.5%. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment was to become due six months after the acceptance of the related equipment, but no later than February 15, 2002. Interest should be repaid on the same dates in the full amount accrued as of the respective date. On August 17, 2002, KBI and Alcatel agreed to accelerate the repayment. As of December 31, 2002, all the equipment was delivered under the seventh phase and all the principal and accrued interest were repaid.

On February 16, 2001, KBI and Alcatel signed an annex for the eighth phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 8,769 thousand (US$9,120 at exchange rate as of December 31, 2002). On February 16, 2001, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the eighth phase. The eighth phase is divided in three sub-phases with the following amounts of deferred payments: sub-phase 1 in the amount of EURO 553 thousand (US$575 at exchange rate as of December 31, 2002), sub-phase 2 in the amount of EURO 1,147 thousand (US$1,193 at exchange rate as of December 31, 2002) and sub-phase 3 in the amount of EURO 5,754 thousand (US$5,984 at exchange rate as of December 31, 2002). The liability for all the three sub-phases will accrue interest at the EURO six-month EURIBOR rate plus 3.5%. Principal repayments for each sub-phase are to be made in six equal and consecutive semi-annual installments. The first installment for each sub-phase was to become due six months after the acceptance of the related equipment, but no later than February 15, April 15 and April 30, 2002 for sub-phases 1, 2 and 3, respectively. Interest in respect of the liability for each sub-phase should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the equipment financing terms of the eighth phase.

On May 9, 2001, KBI and Alcatel signed an annex for the ninth phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 8,500 thousand (US$8,840 at exchange rate as of December 31, 2002). On May 9, 2001, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the ninth phase. The ninth phase is divided in two sub-phases with the following amounts of deferred payments: sub-phase 1 in the amount of EURO 5,525 thousand (US$5,746 at exchange rate as of December 31, 2002) and sub-phase 2 in the amount of EURO 1,700 thousand (US$1,768 at exchange rate as of December 31, 2002). The liability for sub-phases 1 and 2 accrues interest at the EURO six-month EURIBOR rate plus 3.5%. Principal repayments for each sub-phase are to be made in six equal and consecutive semi-annual installments. The first installment for each sub-phase was to become due six months after the acceptance of the related equipment, but no later than June 14 and June 15, 2002 for sub-phases 1 and 2, respectively. Interest in respect of the liability for each sub-phase should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the ninth phase.

On June 22, 2001, KBI and Alcatel signed an annex for the tenth phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 8,570 thousand (US$8,913 at exchange rate as of December 31, 2002). On June 22, 2001, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the tenth phase. This agreement provides for the deferral of payment of the amount of EURO 7,284 thousand (US$7,575 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under the tenth phase. This agreement was amended on October 29, 2001. The amount of deferred payments is divided in sub-phases 1 and 2 in the amounts of EURO 6,946 thousand (US$7,224 at exchange rate as of December 31, 2002) and EURO 339 thousand (US$353 at exchange rate as of December 31, 2002), respectively. The liability for sub-phases 1 and 2 accrues interest at the EURO six-month EURIBOR rate plus 3.5%. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installments under sub-phases 1 and 2 were to become due six months after the acceptance of the related equipment, but no later than June 15 and July 1, 2002, respectively. Interest in respect of the liability for each sub-phase should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the tenth phase.

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On July 20, 2001, KBI and Alcatel signed an annex for the eleventh phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 8,500 thousand (US$7,698). On July 20, 2001, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the eleventh phase. This agreement provides for the deferral of payment of the amount of EURO 7,225 thousand in respect of future deliveries of equipment under the eleventh phase. The liability accrues interest at the EURO six-month EURIBOR rate plus 3.5%. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment was to become due six months after the acceptance of the related equipment, but no later than July 15, 2002. Interest should be repaid on the same dates in the full amount accrued as of the respective date. On August 17, 2002, KBI and Alcatel agreed to accelerate the repayment. As of December 31, 2002, all the equipment was delivered under the eleventh phase and all the principal and accrued interest were repaid.

On November 5, 2001, KBI and Alcatel signed an annex for the thirteenth phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 9,300 thousand (US$9,672 at exchange rate as of December 31, 2002). On November 5, 2001, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the thirteenth phase. This agreement provides for the deferral of payment of the amount of EURO 7,905 thousand (US$8,221 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under the thirteenth phase. The liability accrues interest at the EURO six-month EURIBOR rate plus 3.5%. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment was to become due six months after the acceptance of the related equipment, but no later than August 25, 2002. Interest should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the thirteenth phase.

On November 12, 2001, KBI and Alcatel signed an annex for the fourteenth phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 9,300 thousand (US$9,672 at exchange rate as of December 31, 2002). On November 12, 2001, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the fourteenth phase. This agreement provides for the deferral of payment of the amount of EURO 7,905 thousand (US$8,221 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under the fourteenth phase. The liability accrues interest at the EURO six-month EURIBOR rate plus 3.5%. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment was to become due six months after the acceptance of the related equipment, but no later than August 30, 2002. Interest should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the fourteenth phase.

On January 8, 2002, KBI and Alcatel signed an annex for the fifteenth phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 14,190 thousand (US$14,758 at exchange rate as of December 31, 2002). On January 8, 2002, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the fifteenth phase. This agreement provides for the deferral of payment of the amount of EURO 12,061 thousand (US$12,543 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under the fifteenth phase. The liability accrues interest at the EURO six-month EURIBOR rate plus 2.9%. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment was to become due six months after the acceptance of the related equipment, but no later than October 31, 2002. Interest should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the fifteenth phase.

On January 8, 2002, KBI and Alcatel signed an annex for the sixteenth phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 15,040 thousand (US$15,642 at exchange rate as of December 31, 2002). On January 8, 2002, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the sixteenth phase. This agreement provides for the deferral of payment of the amount of EURO 12,784 thousand (US$13,295 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under the sixteenth phase. The liability accrues interest at the EURO six-month EURIBOR rate plus 2.9 %. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment becomes due six months after the acceptance of the related equipment, but no later than January 10, 2003. Interest should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the sixteenth phase.

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On March 27, 2002, KBI and Alcatel signed an annex for the seventeenth phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 14,376 thousand (US$14,951 at exchange rate as of December 31, 2002). On March 27, 2002, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the seventeenth phase. This agreement provides for the deferral of payment of the amount of EURO 12,220 thousand (US$12,709 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under the seventeenth phase. The liability accrues interest at the EURO six-month EURIBOR rate plus 2.9 %. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment becomes due six months after the acceptance of the related equipment, but no later than June 10, 2003. Interest should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the seventeenth phase.

On April 17, 2002, KBI and Alcatel signed an annex for the eighteenth phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 11,646 thousand (US$12,112 at exchange rate as of December 31, 2002). On April 17, 2002, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the eighteenth phase. The eighteenth phase is divided in three sub-phases with the following amounts of deferred payments: sub-phase 1 in the amount of EURO 5,693 thousand (US$5,921 at exchange rate as of December 31, 2002), sub-phase 2 in the amount of EURO 2,208 thousand (US$2,296 at exchange rate as of December 31, 2002) and sub-phase 3 in the amount of EURO 1,998 thousand (US$2,078 at exchange rate as of December 31, 2002). The liability for sub-phases 1, 2 and 3 accrues interest at the EURO six-month EURIBOR rate plus 2.9%. The first installment for each sub-phase becomes due no later than June 15, 2003, May 1, 2003 and August 1, 2003, respectively. Principal repayments for each sub-phase are to be made in six equal and consecutive semi-annual installments. Interest in respect of the liability for each sub-phase should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the eighteenth phase.

On July 11, 2002, KBI and Alcatel signed an annex for the nineteenth phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 12,000 thousand (US$12,480 at exchange rate as of December 31, 2002). On July 11, 2002, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the nineteenth phase. This agreement provides for the deferral of payment of the amount of EURO 10,200 thousand (US$10,608 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under the nineteenth phase. The liability will accrue interest at the EURO six-month EURIBOR rate plus 2.9 %. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment becomes due six months after the acceptance of the related equipment, but no later than August 28, 2003. Interest should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the nineteenth phase.

On August 27, 2002, KBI and Alcatel signed an annex for the twentieth phase of the purchase and installation of mobile telecommunications GSM network equipment for the amount of EURO 12,000 thousand (US$12,480 at exchange rate as of December 31, 2002). On August 27, 2002, KBI and Alcatel signed the deferred payment agreement in respect of future deliveries of equipment under the twentieth phase. This agreement provides for the deferral of payment of the amount of EURO 10,200 thousand (US$10,608 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under the twentieth phase. The liability accrues interest at the EURO six-month EURIBOR rate plus 2.9 %. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment becomes due six months after the acceptance of the related equipment, but no later than November 27, 2003. Interest should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under the twentieth phase.

No deferral of payment under the twelve, twenty first, twenty second and twenty third phases was agreed between KBI and Alcatel.

In 2002, 2001 and 2000, interest of US$7,268, US$8,013 and US$8,117, respectively, was accrued under all agreements between KBI and Alcatel.

VimpelCom made all payments to Alcatel in respect of principal and accrued interest amounts in accordance with the above-mentioned agreements.

As of December 31, 2002, telecommunications equipment received from Alcatel with the carrying amount of US$96,608 was pledged as collateral to secure the liability to Alcatel.

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VimpelCom irrevocably, fully and unconditionally guaranteed KBI's obligations under equipment financing agreements with Alcatel for the total amount of US$119,300.

Agreements between VimpelCom-Region and Alcatel

On August 31, 2001, VimpelCom-Region and Alcatel signed a frame contract for the supply of switching, radio and other telecommunications equipment (the "Frame Contract") and Indent 1 to the Frame Contract (Indent 1) for the amount of EURO 9,344 thousand (US$9,718 at exchange rate as of December 31, 2002).

On September 21, 2001, VimpelCom-Region and Alcatel signed an agreement for the deferral of payment of the amount of EURO 9,344 thousand (US$9,718 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under Indent 1. The liability accrued interest at the EURO three-month rate plus 2%. The initial payment date under Indent 1 was February 28, 2002, extended until August 31, 2002. The first interest payment was to be made 30 days after the delivery of the last consignment of the equipment, but no later than December 31, 2001. In addition, interest payments were to be made on February 28, May 31, and August 31, 2002. Interest was to be repaid in the full amount accrued as of the respective date.

On December 20, 2002, VimpelCom-Region and Alcatel agreed to change the terms under Indent 1. Interest rate was changed to the EURO six-month EURIBOR rate plus 2.9%. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment is to be made on June 27, 2003. Interest should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under Indent 1.

On September 21, 2001, VimpelCom-Region and Alcatel signed Indent 2 to the Frame Contract ("Indent 2") for the amount of EURO 9,000 thousand (US$9,360 at exchange rate as of December 31, 2002). On September 21, 2001, VimpelCom-Region and Alcatel signed an agreement for the deferral of payment of the amount of EURO 9,000 thousand (US$9,360 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under Indent 2. The liability accrued interest at the EURO three-month EURIBOR rate plus 2%. Initial principal repayment date was March 21, 2002, extended until September 21, 2002. The first interest payment was to be made 30 days after the delivery of the last consignment of the equipment, but no later than January 21, 2002. In addition, interest payments were to be made on March 21, June 21, and September 21, 2002. Interest was to be repaid in the full amount accrued as of the respective date.

On December 20, 2002, VimpelCom-Region and Alcatel agreed to change the terms under Indent 2. Interest rate was changed to the EURO six-month EURIBOR rate plus 2.9%. Principal repayments are to be made in six equal and consecutive semi-annual installments. The first installment is to be made on June 27, 2003. Interest should be repaid on the same dates in the full amount accrued as of the respective date. As of December 31, 2002, all the equipment was delivered under Indent 2.

On September 16, 2002, VimpelCom-Region and Alcatel signed Indent 3 to the Frame Contract ("Indent 3") for the amount of EURO 9,500 thousand (US$9,880 at exchange rate as of December 31, 2002). On September 16, 2002, VimpelCom-Region and Alcatel signed an agreement for the deferral of payment of the amount of EURO 8,075 thousand (US$8,398 at exchange rate as of December 31, 2002) in respect of future deliveries of equipment under Indent 3. The liability will accrue interest at the EURO three-month EURIBOR rate plus 5%. Principal repayment is to be made when VimpelCom-Region enters in certain financing arrangements, but no later than June 25, 2003. The first interest payment shall be made on March 25, 2003. The second interest payment shall be made together with the principal repayment. Interest should be repaid in the full amount accrued as of respective date. As of December 31, 2002, the equipment in the amount of EURO 9,500 thousand was delivered under Indent 3.

On October 31, 2002, VimpelCom-Region and Alcatel signed Indent 5 to the Frame Contract ("Indent 5") for the amount of US$6,423. On October 31, 2002, VimpelCom-Region and Alcatel signed an agreement for the deferral of payment of the amount of US$5,460 in respect of future deliveries of equipment under Indent 5. The liability will accrue interest at the US dollar three-month LIBOR rate plus 5%. Principal repayment is to be made when VimpelCom-Region enters in certain financing arrangements, but no later than June 25, 2003. The first interest payment shall be made on March 25, 2003. The second interest payment shall be made together with the principal repayment. Interest should be repaid in the full amount accrued as of respective date. As of December 31, 2002, the equipment in the amount of EURO 1,106 thousand was delivered under Indent 5.

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No deferral of payment under Indent 4 was agreed between VimpelCom-Region and Alcatel.

In 2002, 2001 and 2000, interest of US$952, US$9 and US$0, respectively, was accrued under all agreements between VimpelCom-Region and Alcatel.

VimpelCom-Region made all payments to Alcatel in respect of principal and accrued interest amounts in accordance with the above-mentioned agreements.

As of December 31, 2002, telecommunications equipment received from Alcatel with the carrying amount of US$38,029 was pledged as collateral to secure the liability to Alcatel.

VimpelCom irrevocably, fully and unconditionally guaranteed VimpelCom-Region's obligations under equipment financing agreements with Alcatel for the total amount of EURO 13,800 thousand (US$14,352 at exchange rate as of December 31, 2002).

Agreements between VimpelCom-Region and Ericsson

On September 28, 2001, VimpelCom-Region and Ericsson signed a contract for delivery of GSM equipment (the "Supply Contract") and a purchase order under the Supply Contract for US$16,600. Under the contract, overdue amounts accrue interest at the US dollar LIBOR rate plus 3.5%. All the equipment under the Supply Contract was delivered before December 31, 2002.

On December 3, 2001, VimpelCom-Region and Ericsson Credit AB signed a credit agreement on the financing of the delivery of equipment under the Supply Contract in the amount of US$16,600 (the "Credit Agreement"). VimpelCom-Region obtained financing under the Credit Agreement in January and February 2002, and used the proceeds to repay its obligation to Ericsson under the Supply Contract. The liability under the Credit Agreement accrued interest at the US dollar LIBOR rate plus 2% and was repaid before December 31, 2002.

On January 9, February 5, July 15 and September 19, 2002, VimpelCom-Region and Ericsson Radio Systems AB ("Ericsson") signed four purchase orders under the Supply Contract for US$2,979, US$27,316, US$519 and US$7,698.

On August 21, 2002, VimpelCom-Region and Ericsson Credit AB signed second tranche under the Credit Agreement on the financing of the delivery of equipment under the Supply Contract in the amount of US$70,000. The amount of the financing was subsequently reduced to US$45,642. VimpelCom-Region obtained financing under the Credit Agreement in 2002, and used the proceeds to repay its obligation to Ericsson under the Supply Contract. Initially the liability under the Credit Agreement accrued interest at the US dollar LIBOR rate plus 2% and was payable on December 20, 2002. On December 20, 2002 Ericsson extended the payment date until June 20, 2003 and interest rate was changed to US dollar LIBOR rate plus 5%.

On December 20, 2002, VimpelCom-Region and Ericsson signed a purchase order under the Supply Contract for US$10,500. There were no supplies under this Purchase Order before December 31, 2002.

On December 3, 2001, VimpelCom-Region and Ericsson Credit AB signed a pledge agreement. Under the pledge agreement, all the equipment received under the Supply Contract was pledged as security for obligations under the Credit Agreement. As of December 31, 2002, the carrying amount of the pledged equipment was US$51,407.

In 2002, 2001 and 2000, interest of US$1,596, US$67 and US$0, respectively, was accrued under all agreements between VimpelCom-Region and Ericsson.

VimpelCom-Region made all payments to Ericsson in respect of principal and accrued interest amounts in accordance with the above-mentioned agreements.

Agreements between VimpelCom-Region and Technoserve

On May 16, 2002, VimpelCom-Region and LLC Technoserve A/S ("Technoserve") signed an agreement for delivery of GSM equipment for EURO 22,000 thousand (US$22,880 at exchange rate as of December 31, 2002). This agreement provides for the deferral of payment of the amount of EURO 18,700 thousand (US$19,448 at exchange rate as of December 31, 2002) in respect of the future deliveries of equipment. The liability will accrue interest at a rate of 10% per annum. The accrual of interest will start 91 day after the advance payment or after the last consignment of the equipment, whatever is later. Principal repayments are to be made in twelve equal and consecutive quarterly installments. The first installment becomes due three months after the delivery of the last consignment of the equipment.

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On April 25, 2002, VimpelCom and Technoserve signed an agreement for delivery of GSM equipment for EURO 6,000 thousand (US$6,240 at exchange rate as of December 31, 2002). This agreement provides for the deferral of payment of the amount of EURO 5,100 thousand (US$5,304 at exchange rate as of December 31, 2002) in respect of the future deliveries of equipment.

The liability will accrue interest at a rate of 10% per annum. The accrual of interest will start 91 day after the advance payment or after the last consignment of the equipment, whatever is later. Principal repayments are to be made in twelve equal and consecutive quarterly installments. The first installment becomes due three months after the delivery of the last consignment of the equipment.

Agreements between VimpelCom and DataCom

On August 28, 2002, VimpelCom and Limited Liability Company General DataCom ("DataCom") signed an agreement for delivery of telecommunications equipment for US$15,000. This agreement provides for the deferral of payment of the amount of US$12,750 in respect of the future deliveries of equipment.

The liability will accrue interest at the US dollar six-month LIBOR rate plus 2%. The accrual of interest will start after the delivery of the last consignment of the equipment. Principal repayments are to be made in twelve equal and consecutive quarterly installments. The first installment becomes due three months after the delivery of the last consignment of the equipment.

Amounts outstanding in connection with VimpelCom's equipment financing consisted of the following at December 31:

	2002	2001
Alcatel (agreements with KBI):		
Supplier credit facilities	**US$ 119,315**	US$ 90,855
Accrued interest	**2,343**	1,624
Alcatel (agreements with VimpelCom-Region):		
Supplier credit facilities	**23,877**	15,334
Accrued interest	**58**	9
Ericsson (agreements with VimpelCom-Region):		
Supplier credit facilities	**45,486**	16,600
Accrued interest	**74**	64
Technoserve A/S (agreements with VimpelCom-Region):		
Supplier credit facilities	**10,981**	—
Accrued interest	**12**	—
Technoserve A/S (agreements with VimpelCom):		
Supplier credit facilities	**4,002**	—
Accrued interest	**4**	—
DataCom (agreements with VimpelCom):		
Supplier credit facilities	**6,257**	—
Accrued interest	**—**	—
Other	**3,633**	—
	216,042	124,486
Less current portion	**(134,617)**	(68,290)
Total long-term equipment financing	**US$ 81,425**	US$ 56,196

Future payments under bank loans, senior convertible notes and supplier credit facilities are as follows:

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2003	**US$176,268**
2004	**70,283**
2005	**374,313**
2006	**16,721**
2007	**12,995**
	US$650,580

15 Capital Lease Obligations

As of December 31, 2002, Cellular Company had obligations under lease agreements with Motorola of US$3,196. Equipment under the lease agreements was received by Cellular Company before it was acquired by VimpelCom-Region (Note 4). Under the lease agreements, the ownership of the leased assets is to be transferred to Cellular Company after the end of the lease term and execution of all lease payments. Equipment received under these agreements was accounted for as capital leases.

As of December 31, 2002, Bee-Line Samara had obligations under lease agreements with Sberbankinveststroy of US$1,571. Equipment under the lease agreements was received by Bee-Line Samara before it was acquired by VimpelCom (Note 4). Under the lease agreements, the ownership of the leased assets is to be transferred to Bee-Line Samara after the end of the lease term and execution of all lease payments. Equipment received under these agreements was accounted for as capital leases.

16 Shareholders' Equity

In 1996, VimpelCom issued 6,426,600 shares of preferred stock. As of December 31, 2002, all of the shares of preferred stock were owned by Eco Telecom. Each share of preferred stock entitles its holder to one vote, to receive a fixed dividend of .001 ruble per share per year, and to receive a fixed liquidation value of .005 rubles per share in the event of VimpelCom's liquidation, to the extent there are sufficient funds available. As of December 31, 2002, this liquidation preference amounted to approximately US$2.2 at the official year-end exchange rate. Each share of preferred stock is convertible into one share of common stock at any time after June 30, 2016 at the election of the holder upon payment to VimpelCom of a conversion premium equal to 100% of the market value of one share of common stock at the time of conversion. If Eco Telecom defaults on its capital contributions to VimpelCom-Region under the agreements dated May 30, 2001 (Note 1), VimpelCom has the right to purchase, and Eco Telecom has the obligation to sell, all or a portion of the preferred stock at a purchase price of .01 rubles per share. Pursuant to contractual arrangements with VimpelCom, all shares of preferred stock are subject to transfer restrictions until the fulfillment of the agreements dated May 30, 2001 (Note 1).

On December 1, 1998, VimpelCom and Telenor signed a Share Purchase Agreement under which Telenor agreed to acquire 8,902,201 newly-issued shares of VimpelCom's common stock for US$162,000, or US$18.19 per share (US$13.64 per ADS equivalent), plus interest at a rate of 4.25% per annum on unpaid amounts accruing from the date of VimpelCom shareholders' approval on January 29, 1999. Telenor made all required payments in accordance with the Share Purchase Agreement. The last payment of US$22,741 was made on January 5, 2000, which entitled Telenor to additional voting rights and other rights of a shareholder in respect of 1,202,201 shares.

Under the agreement dated December 1, 1998, prior to the occurrence of certain transactions, VimpelCom had the right to purchase from Telenor a part of the shares previously issued to Telenor. The number of shares that could be purchased was limited by a condition that Telenor's share in VimpelCom's total outstanding voting capital stock should not become less than 25% plus one share after the call option is exercised. In December 2000, VimpelCom purchased 250,000 shares of common stock for US$4,993 from Telenor under its call option to provide for shares to support grants under VimpelCom's stock option plan (see Note 23). These shares were held by VC ESOP N.V., a consolidated subsidiary of VimpelCom, (202,351 shares and 250,000 shares as of December 31, 2002 and 2001, respectively) and were treated as treasury shares in the accompanying consolidated financial statements.

On June 26, 2000, VimpelCom purchased 103,239 shares of its common stock for US$5,524.

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On July 28, 2000, VimpelCom completed the offering of 3,643,675 shares (4,858,233 ADSs) of its common stock registered with the SEC, which included 3,118,675 newly-issued shares (4,158,233 ADSs) raising US$79,372 (net of cost of issuance of US$8,177), 421,761 shares (562,348 ADSs) purchased from a former executive officer of VimpelCom at the gross offering price and 103,239 shares of treasury stock (137,652 ADSs). The amount of US$2,666 representing the excess of the cost of acquisition of the treasury stock over the proceeds from the sales of treasury stock was deducted from retained earnings in the accompanying consolidated financial statements. In a transaction exempt from registration under Securities Act of 1933, as amended, consummated concurrently with the offering, Telenor purchased 2,400,532 ADSs at the public offering price.

On June 23, 2000, VimpelCom entered into a US$50,000 working capital bridge facility with Telenor and made drawings for the full amount of the facility. The interest rate on the facility was six-month US dollar LIBOR rate plus 3% per annum, and structuring and facility fees amounted to US$800. VimpelCom was required to repay the facility in full prior to the closing of the offering of its equity securities, and Telenor was required to use the funds received from such repayment to purchase VimpelCom's equity securities at the public offering price in transactions that were exempt from registration. The total amount of borrowings plus accrued interest of US$320 and structuring and facility fees of US$800 was repaid to Telenor on July 28, 2000. Accordingly, structuring and facility fees of US$800 were included in the cost of issuance of common stock.

As of December 31, 2002 and 2001, 2,080,926 shares (2,774,568 ADSs) of VimpelCom's common stock issued on July 28, 2000 were held by VC Limited, a consolidated affiliate of VimpelCom. These shares were treated as treasury shares in the accompanying consolidated financial statements.

VC Limited is a special purpose entity formed under the laws of the British Virgin Islands for the purpose of holding the ADSs that are intended to be used to satisfy the conversion obligations under the convertible notes (Note 13). VimpelCom does not own directly or indirectly any shares of VC Limited. However, VimpelCom controls VC Limited pursuant to an agreement between VimpelCom and the sole shareholder of VC Limited by which VimpelCom has an irrevocable proxy to vote the shares of VC Limited for all purposes. In addition, VimpelCom Finance B.V., a wholly-owned subsidiary of VimpelCom, has a call option on the shares of VC Limited exercisable after redemption or conversion of all outstanding convertible notes. As of December 31, 2002 and 2001, the assets of VC Limited primarily consisted of shares of VimpelCom's common stock with the cost of US$57,600 and US$57,600, respectively. The liabilities of VC Limited primarily consisted of a loan due to VimpelCom B.V., a subsidiary of VimpelCom Finance B.V., in the amount of US$62,001 and US$58,842 as of December 31, 2002 and 2001, respectively. There were no other material assets and liabilities in the financial statements of VC Limited as of December 31, 2002 and 2001. Expenses of VC Limited for the years ended December 31, 2002, 2001 and 2000 primarily consisted of interest expense on the loan due to VimpelCom B.V. in the amount of US$3,159, US$2,807 and US$1,228, respectively. VC Limited had no other material revenues or expenses for each of the three years in the period ended December 31, 2002. VimpelCom believes that it has no material exposure to loss as a result of its involvement with VC Limited.

On October 8, 2001, VimpelCom purchased 3,744 shares of its common stock for US$75. On November 5, 2001, all of these shares were sold to Telenor for US$75.

On November 5, 2001, VimpelCom issued 5,150,000 shares of common stock (6,866,667 ADS) to Eco Telecom, raising US$92,197 (net of cost of issuance of US$10,803).

In 2002, VimpelCom sold 47,649 shares of its common stock for US$1,917. The excess of the proceeds over the cost of treasury shares sold in the amount of US$965 was allocated to additional paid-in capital in the accompanying consolidated financial statements.

Each outstanding share of VimpelCom's common stock entitles its holder to participate in shareholders meetings, to receive dividends in such amounts as have been validly determined by the board of directors or the shareholders, and in the event of VimpelCom's liquidation, to receive part of VimpelCom's assets to the extent there are sufficient funds available.

In accordance with Russian legislation, VimpelCom can distribute all profits as dividends or transfer them to reserves. Dividends may only be declared from accumulated undistributed and unreserved earnings as shown in the Russian statutory financial statements, not out of amounts previously transferred to reserves. Dividends to shareholders – residents of Russia are subject to a 6% withholding tax. Dividends to other shareholders are subject to a 15% withholding tax which may be reduced or eliminated by double tax treaties. Transfers to reserves have been insignificant through December 31, 2002. As of December 31, 2002, VimpelCom's retained earnings distributable under Russian legislation were US$36,045 at the official year-end exchange rate.

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As of December 31, 2002, the amount of consolidated retained earnings of VimpelCom represented by undistributed earnings of companies which are accounted for using the equity method was US$1,367.

17 VimpelCom-Region

Under the agreements on investments in VimpelCom-Region, dated May 2001, by and among VimpelCom, VimpelCom-Region, Eco Telecom and Telenor, VimpelCom contributed US$103,000 as equity to VimpelCom-Region (Note 1). In addition, Eco Telecom was to invest a total of US$117,000 of equity directly into VimpelCom-Region in two equal tranches, in November 2002 and November 2003. Telenor and VimpelCom had options, either collectively or individually, to invest up to an aggregate of US$117,000 directly in VimpelCom-Region simultaneously with each of Eco Telecom's contributions.

On December 3, 2001, VimpelCom-Region sold to Eco Telecom 1,323 newly-issued shares of convertible voting preferred stock of VimpelCom-Region for a purchase price of approximately US$0.4. Each share of preferred stock entitles its holder to one vote, to receive a fixed dividend of .01 ruble per share per year, and to receive a fixed liquidation value of 20 rubles per share in the event of VimpelCom-Region's liquidation, to the extent there are sufficient funds available. As of December 31, 2002, this liquidation preference amounted to approximately US$0.8 at the official year end exchange rate. Each share of preferred stock is convertible into one share of common stock, but no later than April 1, 2050, upon an official registration of common stock issue. There is no premium payable on conversion. In accordance with the agreements on investments in VimpelCom-Region, dated May 30, 2001, the shares of preferred stock should be re-distributed between Eco Telecom, VimpelCom and Telenor upon equity contributions to VimpelCom-Region in order to maintain certain percentage of the parties in the voting capital stock of VimpelCom-Region. Upon the fulfillment of the agreements dated May 30, 2001, the shares of preferred stock shall be converted into common stock.

In addition, on December 3, 2001, VimpelCom sold to Eco Telecom one share of common stock of VimpelCom-Region for a purchase price of US$40.

On May 15, 2002, the annual shareholders' meeting of VimpelCom approved the following changes to the agreements on investments in VimpelCom-Region, dated May 30, 2001.

VimpelCom converted its options to purchase newly-issued shares of VimpelCom-Region into an obligation and accelerated this obligation to November 2002, and Telenor accelerated its corresponding options to November 2002, in each case, subject to extension in certain instances. Eco Telecom's investments in VimpelCom-Region were scheduled as required under the original agreements dated May 30, 2001: US$58,480 in November 2002 and US$58,520 in November 2003, with each date subject to extension in certain cases, unless Eco Telecom chooses to accelerate all or a portion of its third tranche investment.

VimpelCom committed to provide VimpelCom-Region with a combination of secured loans, guarantees and leases of equipment and other assets with a total value of up to US$92,000, and with unsecured credits of up to US$30,000, with terms up to six years.

To the extent that external financing is not obtained by February 2005 in an amount necessary to meet VimpelCom-Region's five-year funding plan, VimpelCom-Region will give each of its shareholders the right to contribute to its capital the amount of cash necessary to make up the funding shortfall on a pro rata basis. If any shareholder does not exercise its right to make such capital contribution in full, the other shareholders which fully contribute their pro rata amount will have the right to contribute all or a portion of such non-contributing shareholder's capital contribution on a pro rata basis. The shareholders of VimpelCom-Region further agreed to vote in favor of, and take all actions necessary to effect the issuance of VimpelCom-Region ordinary shares in connection with such capital contribution; provided that such obligation will not be applicable if the aggregate amount of the additional funds raised by VimpelCom-Region (excluding the capital increases in connection with the second and third closings in November 2002 and November 2003, respectively) exceeds US$300,000.

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VimpelCom-Region's Board of Directors was disbanded as part of the unified management structure of VimpelCom and VimpelCom-Region.

On November 12, 2002, VimpelCom, Eco Telecom and Telenor each purchased 1,462 newly-issued shares of VimpelCom-Region's common stock for US$58,480. Simultaneously, Eco Telecom sold 231 and 860 shares of VimpelCom-Region's preferred stock to Telenor and VimpelCom, respectively, at a price of 20 rubles per share. The closing represents the second tranche of equity investments into VimpelCom-Region in accordance with the agreement dated May 30, 2001, as amended. Following the completion of this tranche, VimpelCom's interest in VimpelCom-Region became 64.99%.

As of December 31, 2002, issued and outstanding common stock of VimpelCom-Region comprised 8,355 shares.

Capital contributions of Eco Telecom and Telenor in VimpelCom-Region exceeded 35.01% of net assets of VimpelCom-Region after the contributions by US$23,073. The gain on the sale of newly-issued stock of a subsidiary was included in additional paid-in capital in the consolidated financial statements of VimpelCom for the year ended December 31, 2002.

18 Income Taxes

The Russian Federation was the only tax jurisdiction in which VimpelCom's income was subject to taxation.

On August 5, 2000, the Profits tax law was amended to allow local authorities to increase the statutory tax rate by up to 5%. On November 29, 2000, the authorities of the city of Moscow enacted an increase in the statutory tax rate from 30% to 35% effective January 1, 2001.

On August 6, 2001, a law was signed which introduced certain changes in Russian tax legislation reducing the statutory income tax rate from 35% to 24% effective January 1, 2002. The effect of the new tax legislation was recognized in the period of enactment.

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Income tax expense (benefit) consisted of the following for the years ended December 31:

	2002	2001	2000
Current income taxes	**US$58,324**	US$28,509	US$1,333
Deferred taxes	**(8,385)**	(9,970)	(15,676)
	US$49,939	US$18,539	US$(14,343)

A reconciliation between the income tax expense reported in the accompanying consolidated financial statements and income before taxes multiplied by the statutory tax rates of 30% (from January 1, 2000 through December 31, 2000), 35% (from January 1, 2001 through December 31, 2001) and 24% (from January 1, 2002 through December 31, 2002) for the years ended December 31 is as follows:

	2002	2001	2000
Income tax expense (benefit) computed on income before taxes at statutory tax rate	**US$42,647**	US$23,046	US$(27,630)
Effect of investment incentive deductions	**—**	(16,460)	(1,472)
Effect of non-deductible expenses and other permanent differences	**6,528**	16,460	13,152
Effect of deductible temporary differences not recognized as measured by the change in valuation allowance	**764**	1,289	(1,052)
Effect of changes in tax rate	**—**	(5,796)	2,659
Income tax expense (benefit) reported in accompanying consolidated financial statements	**US$49,939**	US$18,539	US$(14,343)

The deferred tax balances were calculated by applying the presently enacted statutory tax rate applicable to the period in which the temporary differences between the carrying amounts and tax base of assets and liabilities are expected to reverse. The amounts reported in the accompanying consolidated financial statements at December 31 consisted of the following:

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	2002	2001
Deferred tax assets:		
Accrued operating and interest expenses	**US$ 5,192**	US$15,587
Deferred revenue	**9,868**	3,778
Bad debts, net of revenue accrual	**2,599**	—
Loss carry-forwards	**5,736**	6,114
	23,395	25,479
Valuation allowance	**(7,532)**	(6,768)
	15,863	18,711
Deferred tax liabilities:		
Revenue accrual, net of bad debts	**—**	9,771
Non-current assets	**33,854**	18,214
Forward agreement	**1,494**	—
	35,348	27,985
Net deferred tax liabilities	**19,485**	9,274
Add current deferred tax assets	**15,742**	8,940
Total long-term net deferred tax liability	**US$35,227**	US$18,214

For financial reporting purposes, a valuation allowance has been recognized to reflect management's estimate for realization of the deferred tax assets. Valuation allowances are provided when it is more likely than not that some or all of the deferred tax assets will not be realized in the future. These evaluations are based on expectations of future taxable income and reversals of the various taxable temporary differences.

For Russian income tax purposes, VimpelCom has accumulated tax losses incurred in 2000, 2001 and 2002, which may be carried forward for use against future income. Its use is restricted to a maximum of 30% of taxable income. Tax loss carry forwards may be eroded by future devaluation of the ruble. As of December 31, 2002, for Russian income tax purposes, VimpelCom had tax losses available to carry forward of approximately US$23,898 expiring as follows:

December 31, 2010	US$3,753
December 31, 2011	1,662
December 31, 2012	18,483

19 Valuation and Qualifying Accounts

The following summarizes the changes in the allowance for doubtful accounts for the years ended December 31, 2002, 2001 and 2000:

Balance as of December 31, 1999	US$ 5,910
Provision for bad debts	21,778
Accounts receivable written off	(20,709)
Balance as of December 31, 2000	6,979
Provision for bad debts	16,088
Accounts receivable written off	(14,469)
Balance as of December 31, 2001	8,598
Provision for bad debts	25,408
Accounts receivable written off	(21,090)
Balance as of December 31, 2002	**US$12,916**

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The provision for bad debts included in the accompanying consolidated statements of operations is net of related value added taxes of US$4,235, US$2,682 and US$3,630 for the years ended December 31, 2002, 2001 and 2000, respectively.

20 Related Party Transactions

Transactions between VimpelCom and its related parties, except for the transactions described below, consist primarily of services from the related parties and loans to them, which are not material to the financial results of VimpelCom.

Balances due from related parties, which are equity investees, except for Telenor Russia AS, which is not an equity investees, consisted of the following as of December 31:

	2002	2001
Telenor Russia AS	**US$ —**	US$940
Bee-Line Togliatti	**1,411**	—
Other	**672**	11
	US$2,083	US$951

As of December 31, 2001, the amount due from Telenor Russia AS, a company registered in Norway and affiliated with Telenor, represents advances issued under the contract for supply of computer hardware and software.

The amount due from Bee-Line Togliatti, a 50%-owned investee of Bee-Line Samara, mainly represents accounts receivable under the contract for telecommunications services.

Balances due to related parties consisted of the following as of December 31:

	2002	2001
Bee-Line Togliatti	**US$1,823**	US$—
Telenor Invest AS	**999**	—
Telenor Mobile Communication AS	**395**	—
Telenor Russia AS	**342**	340
FinMark Strategy Partners LLC	**173**	181
Other	**382**	362
	US$4,114	US$883

On June 30, 2000, the Board of Directors of VimpelCom approved a transaction with one of the executive officers of VimpelCom (the "Executive Officer"). According to the agreement, VimpelCom was obliged to pay remuneration to the Executive Officer for the pledge of shares of VimpelCom's common stock as a collateral for borrowings under the credit line from Sberbank. The remuneration was calculated as 2% of the outstanding amount of borrowings under the credit line. Total remuneration accrued and included in interest expense in the accompanying consolidated statements of operations for the years ended December 31, 2001 and 2000 was US$171 and US$1,119, respectively. The remuneration was paid to Executive Officer in two installments, in February and July 2001. In 2001, the shares of VimpelCom's common stock were released from the pledge.

The amount due to Bee-Line Togliatti mainly represents accounts payable under the contract for maintenance of telecommunications equipment.

The amounts due to Telenor Invest AS and Telenor Mobile Communication AS, companies registered in Norway and affiliated with Telenor, represent accounts payable by Extel for services under consultancy and other agreements.

On April 1, 1999, VimpelCom and Telenor Russia AS signed a Service Obligation Agreement ("Telenor Service Obligation Agreement"). Total expense in respect of management fees under the Telenor Service Obligation Agreement included in selling, general and administrative expenses in the accompanying consolidated statements of operations for the years ended December 31, 2002, 2001 and 2000 amounted to US$774, US$525 and US$672, respectively. As of December 31, 2002 and 2001, the liability to Telenor Russia AS amounted to US$205 and US$340, respectively.

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On July 6, 2000, VimpelCom and AXF Consulting LLC, a US company controlled by a director of VimpelCom, signed a Service Obligation Agreement, with an amendment concluded in May 2001. In October 2001, AXF Consulting LLC changed its name to FinMark Strategy Partners LLC ("FinMark"). In accordance with the Service Obligation Agreement, FinMark provides advising and consulting services to VimpelCom. The total cost in respect of the Service Obligation Agreement recorded in the accompanying consolidated financial statements for the years ended December 31, 2002, 2001 and 2000 amounted to US$690, US$1,288 and US$804, respectively. As of December 31, 2002 and 2001, the liability to FinMark was US$173 and US$181, respectively. In accordance with an agreement between VimpelCom and FinMark, VimpelCom will pay a fixed service fee to FinMark until December 31, 2003. The amount of the fee is US$575 per annum, net of all applicable taxes. If the personnel accepted under the agreement ceases to have the status as a director of the Board of VimpelCom, then VimpelCom will have the right to suspend the services under the agreement and withhold a pro rata portion of the annual fee. In May 2002, the personnel accepted under the agreement ceased to have the status as a director of the Board of VimpelCom.

21 Earnings per Share

Net income (loss) per common share for all periods presented has been determined in accordance with SFAS No. 128, "Earnings per Share", by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Net income (loss) per share of common stock has been adjusted by a factor of 1.33 to determine net income per ADS equivalent as each ADS is equivalent to three-quarters of one share of common stock.

The following table sets forth the computation of basic and diluted earnings per share:

	Years ended December 31,		
	2002	**2001**	**2000**
	(In thousands, except per share amounts)		
Numerator:			
Net income (loss)	**US$ 129,552**	US$ 47,301	US$ (77,801)
Denominator:			
Denominator for basic earnings per share – weighted average shares	**38,014**	33,642	30,264
Effect of dilutive securities:			
Convertible preferred stock	**6,426**	6,426	—
Employee stock options	**49**	—	—
Denominator for diluted earnings per share – assumed conversions	**US$ 44,489**	US$ 40,068	US$ 30,264
Basic net income (loss) per common share	**US$ 3.41**	US$ 1.41	US$ (2.57)
Diluted net income (loss) per common share	**US$ 2.91**	US$ 1.18	US$ (2.57)

The following items were not included in the computation of earnings per share assuming dilution because they would not have a dilutive effect for the periods presented in the accompanying consolidated financial statements: senior convertible notes for the years ended December 31, 2002, 2001 and 2000, employee stock options for the years ended December 31, 2001 and 2000, convertible preferred stock for the year ended December 31, 2000.

22 Segment Information

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", requires companies to provide certain information about their operating segments. VimpelCom has two reportable segments: the Moscow license area and the regions outside of the Moscow license area (the "Regions"). The Moscow license area includes the city of Moscow and the Moscow region. The Regions include all other regions of the Russian Federation.

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Management decided to organize the enterprise based on geographical areas. Management analyses the reportable segments separately because of different economic environments and stages of development of markets of wireless telecommunications services in different geographical areas, requiring different investment and marketing strategies. The Moscow license area represents a more developed market for VimpelCom's services compared to the Regions.

The Board of Directors and management utilize more than one measurement and multiple views of data to measure segment performance. However, the dominant measurements are consistent with VimpelCom's consolidated financial statements and, accordingly, are reported on the same basis herein. Management evaluates the performance of its segments primarily based on revenue, operating income, income before income taxes and net income along with cash flows and overall economic returns. Intersegment revenues are eliminated in consolidation. Intersegment revenues may be accounted for at amounts different from sales to unaffiliated companies. The accounting policies of the segments are the same as those described in the summary of significant accounting policies, as discussed in Note 2.

Year ended December 31, 2002

	Moscow License Area	Regions	Total
Total operating revenues from external customers	**US$ 698,674**	**US$ 80,970**	**US$ 779,644**
Total intersegment revenues	**19,755**	**7,043**	**26,798**
Depreciation and amortization	**86,367**	**11,325**	**97,692**
Operating income (loss)	**238,477**	**(12,928)**	**225,549**
Interest income	**8,110**	**381**	**8,491**
Interest expense	**44,208**	**4,425**	**48,633**
Income (loss) before income taxes and minority interest	**199,759**	**(21,975)**	**177,784**
Income tax expense	**49,112**	**827**	**49,939**
Net income (loss)	**150,644**	**(23,192)**	**127,452**
Segment assets	**1,411,948**	**532,492**	**1,944,440**
Goodwill	**13,010**	**15**	**13,025**
Expenditures for long-lived assets	**331,593**	**256,230**	**587,823**

Year ended December 31, 2001

	Moscow License Area	Regions	Total
Total operating revenues from external customers	US$ 416,936	US$ 10,960	US$ 427,896
Total intersegment revenues	3,451	1,013	4,464
Impairment of long-lived assets	—	—	—
Depreciation and amortization	59,266	2,104	61,370
Operating income (loss)	94,363	(6,695)	87,668
Interest income	5,731	2	5,733
Interest expense	26,528	337	26,865
Income (loss) before income taxes and minority interest	73,273	(7,089)	66,184
Income tax expense (benefit)	18,629	(90)	18,539
Net income (loss)	55,049	(6,981)	48,068
Segment assets	888,753	162,106	1,050,859
Goodwill	13,010	—	13,010
Expenditures for long-lived assets	165,926	101,739	267,665

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Year ended December 31, 2000

	Moscow License Area	Regions	Total
Total operating revenues from external customers	US$ 285,437	US$ 236	US$ 285,673
Total intersegment revenues	154	—	154
Impairment of long-lived assets	66,467	—	66,467
Depreciation and amortization	60,021	1	60,022
Operating loss	(73,477)	(2,087)	(75,564)
Interest income	4,039	—	4,039
Interest expense	21,089	—	21,089
Loss before income taxes and minority interest	(91,071)	(2,095)	(93,166)
Income tax benefit	(14,343)	—	(14,343)
Net loss	(77,000)	(2,095)	(79,095)
Segment assets	701,050	4,069	705,119
Goodwill	12,699	—	12,699
Expenditures for long-lived assets	105,018	3,589	108,607

A reconciliation of VimpelCom's total segment financial information to the corresponding consolidated amounts follows:

Revenues

	2002	2001	2000
Total operating revenues from external customers for reportable segments	**US$ 779,644**	US$ 427,896	US$ 285,673
Total intersegment revenues for reportable segments	**26,798**	4,464	154
Elimination of intersegment revenues	**(26,798)**	(4,464)	(154)
Total consolidated operating revenues	**US$ 779,644**	US$ 427,896	US$ 285,673

Net income (loss)

	2002	2001	2000
Total net income (loss) for reportable segments	**US$ 127,452**	US$ 48,068	US$ (79,053)
Elimination of intersegment net income (loss)	**2,100**	(767)	1,252
Net income (loss)	**US$ 129,552**	US$ 47,301	US$ (77,801)

Assets

	December 31, 2002	December 31, 2001
Total assets for reportable segments	**US$ 1,944,440**	US$ 1,050,859
Elimination of intercompany receivables	**(251,696)**	(125,053)
Total consolidated assets	**US$ 1,692,744**	US$ 925,806

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
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Other significant items:

	Year ended December 31, 2002		
	Segment Totals	Adjustments	Consolidated Totals
Depreciation and amortization	**US$ 97,692**	**US$ (275)**	**US$ 97,417**
Operating income	**225,549**	**(757)**	**224,792**
Interest income	**8,491**	**(1,322)**	**7,169**
Interest expense	**48,633**	**(2,047)**	**46,586**
Income before income taxes and minority interest	**177,784**	**(87)**	**177,697**
Income tax expense	**49,939**	**—**	**49,939**
Expenditures for long-lived assets	**587,823**	**(9,507)**	**578,316**

	Year ended December 31, 2001		
	Segment Totals	Adjustments	Consolidated Totals
Impairment of long-lived assets	US$ —	US$ —	US$ —
Depreciation and amortization	61,370	(64)	61,306
Operating income	87,668	(518)	87,150
Interest income	5,733	—	5,733
Interest expense	26,865	—	26,865
Income before income taxes and minority interest	66,184	(337)	65,847
Income tax expense	18,539	—	18,539
Expenditures for long-lived assets	267,665	(12,656)	255,009

	Year ended December 31, 2000		
	Segment totals	Adjustments	Consolidated Totals
Impairment of long-lived assets	US$ 66,467	US$ —	US$ 66,467
Depreciation and amortization	60,022	—	60,022
Operating loss	75,564	(1,068)	74,496
Interest income	4,039	—	4,039
Interest expense	21,089	—	21,089
Loss before income taxes and minority interest	93,166	(1,067)	92,099
Income tax benefit	14,343	—	14,343
Expenditures for long-lived assets	108,607	882	109,489

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"
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23 Stock Option Plan

VimpelCom's 2000 Stock Option Plan adopted on December 20, 2000 authorized the grant of options to management personnel for up to 250,000 shares of VimpelCom's common stock. The following table summarizes the activity for the plan.

	Number of Options		
	2002	2001	2000
Options outstanding, beginning of year	244,125	231,375	—
Options granted	3,000	28,500	231,375
Options exercised	(94,250)	—	—
Options forfeited	(4,500)	(15,750)	—
Options outstanding, end of year	148,375	244,125	231,375
Options exercisable, end of year	138,239	137,813	—

No options expired in the years ended December 31, 2002 and 2001. The exercise price for all the options granted is US$23.60 per share (US$17.70 per ADS equivalent). No compensation expense was recognized in the years ended December 31, 2001 and 2000, because the exercise price of VimpelCom's employee stock options exceeded the market price of the underlying stock on the dates of grant. The weighted average grant -date fair value of options granted during the years ended December 31, 2002, 2001 and 2000 were US$20.33 (US$15.25 per ADS equivalent), US$11.63 (US$8.72 per ADS equivalent) and US$13.36 (US$10.02 per ADS equivalent), respectively.

The options granted vest at varying rates over one to three year periods. If certain events provided for in 2000 Stock Option Plan occur, the vesting period for certain employees is accelerated.

All the options granted expire in December 2004. VimpelCom can accelerate the expiration date. As of December 31, 2002, the weighted average contractual life of outstanding options was two years. VimpelCom recognizes compensation costs for awards with graded vesting schedules on a straight-line basis over two to three year periods.

The manner of exercise of stock options in the year ended December 31, 2002 required variable accounting for stock-based compensation under APB No. 25 and related Interpretations. The amount of compensation expense in respect of 2000 Stock Option Plan included in the accompanying consolidated statements of operations was US$4,085 in the year ended December 31, 2002.

Pro forma information regarding net income (loss) and net income (loss) per common share is required by SFAS No. 123, and has been determined as if VimpelCom has accounted for its employee stock options under the fair value method of that Statement. The fair value of these options was estimated at the dates of grant using a Black-Scholes option pricing model with the following weighted-average assumptions.

	2002	2001	2000
Risk-free interest rate	1.4%	3.1%	4.3%
Expected dividends yield	0.0%	0.0%	0.0%
Volatility factor of expected market price of VimpelCom's common stock	1.002	1.070	1.172
Weighted average expected life of the options (years)	2.0	2.0	2.3

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The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because VimpelCom's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

24 Contingencies

The Russian economy while deemed to be of market status beginning in 2002, continues to display certain traits consistent with that of a market in transition. These characteristics have in the past included higher than normal historic inflation, lack of liquidity in the capital markets, and the existence of currency controls which cause the national currency to be illiquid outside of Russia. The continued success and stability of the Russian economy will be significantly impacted by the government's continued actions with regard to supervisory, legal, and economic reforms.

The taxation system in Russia is evolving as the central government transforms itself from a command to a market oriented economy. There were many Russian Federation tax laws and related regulations introduced in 2002 and previous years which were not always clearly written and their interpretation is subject to the opinions of the local tax inspectors, Central Bank officials and the Ministry of Finance. Instances of inconsistent opinions between local, regional and federal tax authorities and between the Central Bank and the Ministry of Finance are not unusual. Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, VimpelCom has accrued tax liabilities based on management's best estimate. Management's estimate of the amount of potential liabilities that can be subject to different interpretations of the tax laws and regulations and are not accrued in the accompanying financial statements could be up to approximately US$7,500. Management believes that it is not probable that the ultimate outcome of such matters would result in a liability.

As of December 31, 2002, VimpelCom does not believe that any material matters exist relating to the developing markets and evolving fiscal and regulatory environment in Russia, including current pending or future governmental claims and demands, which would require adjustment to the accompanying financial statements in order for those statements not to be misleading.

In the ordinary course of business, VimpelCom may be party to various legal and tax proceedings, and subject to claims, certain of which 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 above, 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 Russian political developments including the application of existing and future legislation and tax regulations. The likelihood of such occurrences and their effect on VimpelCom could have a significant impact on the 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 Russia.

VimpelCom's ability to generate revenues in Moscow and the Moscow region is dependent upon the operation of the wireless telecommunications networks under its licenses. VimpelCom's AMPS/D-AMPS license to operate in the Moscow license area expires in November 2007, while the GSM license for the Moscow license area expires in April 2008. Resolution No. 642, dated June 5, 1994, of the Government of the Russian Federation defines the circumstances under which a license may be revoked. Under this resolution, grounds for termination are both broad and subjective and there is little precedent upon which to determine the practical likelihood of termination.

VimpelCom is dependent upon a small number of suppliers, principally Alcatel and Ericsson, for purchases of wireless telecommunications equipment. Similarly, there is only a small number of telephone line capacity suppliers in Moscow. In the year ended December 31, 2002, VimpelCom purchases telephone line capacity primarily from two suppliers: Teleross and Digital Telephone Networks.

VimpelCom's AMPS licenses to operate wireless networks in the regions (not including Moscow and the Moscow region) include a condition to make non-returnable contributions to the development of the public switched telecommunications network of the Russian Federation. The amount of contribution is unspecified and will be agreed with or determined by the respective local administrations. VimpelCom has made no significant payments and it is not possible to determine the amount that will eventually become payable.

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25 Quarterly Financial Data (Unaudited)

The following table sets forth selected highlights for each of the fiscal quarters during the years ended December 31, 2002 and 2001 (US dollars in thousands, except per share data):

	March 31	June 30	September 30	December 31	Year
2002					
Net operating revenues	**US$ 145,060**	**US$ 173,381**	**US$ 221,077**	**US$ 228,978**	**US$ 768,496**
Operating income	**44,320**	**49,876**	**76,136**	**54,460**	**224,792**
Net income	**28,046**	**21,941**	**40,487**	**39,078**	**129,552**
Net income per common share – basic	**0.74**	**0.58**	**1.06**	**1.03**	**3.41**
Net income per common share – diluted	**0.63**	**0.49**	**0.91**	**0.88**	**2.91**
2001					
Net operating revenues	US$ 79,743	US$ 94,679	US$ 114,098	US$ 134,082	US$ 422,602
Operating income	13,981	20,643	25,459	27,067	87,150
Net income	5,126	9,414	13,915	18,846	47,301
Net income per common share – basic	0.16	0.29	0.42	0.52	1.41
Net income per common share – diluted	0.13	0.24	0.35	0.44	1.18

The aggregate effect of adjustments recorded in the three-month period ended December 31, 2002 and relating to the nine-month period ended September 30, 2002 was US$5,296 and US$4,025 decrease in operating income and net income, respectively.

26 Subsequent Events

Purchase of StavTeleSot

In January 2003, VimpelCom-Region acquired 90% of common stock of Open Joint Stock Company StavTeleSot, a cellular operator in the Stavropol region, for US$38,400.

Equipment Financing Obligations

On January 10, 2003, VCR and Ericsson signed a purchase order under the Supply Contract for US$11,493. VCR expects to finance the delivery of equipment under the purchase order with a credit from Ericsson Credit AB.

On January 15, 2003, VimpelCom, Nordea Bank Sweden AB and Bayerische Hypo - und Vereinsbank AG signed a credit agreement ("Nordea Bank Credit Agreement") on the financing of the delivery of equipment under the Supply Contract in the amount of US$35,700. The liability under this credit agreement will accrue interest at the US dollar LIBOR rate plus 0.7% per annum.

On January 15, 2003, VimpelCom and Nordea Bank Sweden AB signed a pledge agreement. Under the pledge agreement, all the equipment received under the Supply Contract and financed by Nordea Bank Credit Agreement will be pledged as security for obligation under the Nordea Bank Credit Agreement.

List of Exhibits

Exhibit No	Description
1	Charter of VimpelCom.+^^^
2.1	Deposit Agreement, dated November 20, 1996, by and among VimpelCom, The Bank of New York, as the depositary, and all owners or beneficial owners of ADRs.*
2.2	Form of Indenture, by and among VimpelCom B.V., VimpelCom, and The Bank of New York, as trustee, governing VimpelCom B.V.'s 5.5% Convertible Notes due 2005.***
2.3	Loan Agreement, dated April 23, 2002, by and between VimpelCom and J.P. Morgan AG.^^^
2.4	Trust Deed, dated April 26, 2002, by and between J.P. Morgan AG and The Bank of New York.^^^
4.1	License No. 10005 for the territory of the Moscow License Area.+†
4.1.1	Addendum No. 1 to License No. 10005 for the territory of the Moscow License Area.+††
4.1.2	Addendum No. 2 to License No. 10005 for the territory of the Moscow License Area.+†††
4.1.3	Addendum No. 3 to License No. 10005 for the territory of the Moscow License Area.+#
4.1.4	Addendum No. 4 to License No. 10005 for the territory of the Moscow License Area.+#
4.1.5	Addendum No. 5 to License No. 10005 for the territory of the Moscow License Area.+^^^
4.2	License No. 14707 for the territory of the Central and Central Black Earth License Area.+†††
4.2.1	Amendment No. 1 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+†††
4.2.2	Amendment No. 2 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+#
4.2.3	Amendment No. 3 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+#
4.2.4	Amendment No. 4 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+#
4.2.5	Amendment No. 5 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+##
4.2.6	Amendment No. 6 to License No. 14707 for the territory of the Central and Central Black Earth License Area.+^^^
4.3	License No. 14708 for the territory of the Volga License Area.+†††
4.3.1	Amendment No. 1 to License No. 14708 for the territory of the Volga License Area.+††††
4.3.2	Amendment No. 2 to License No. 14708 for the territory of the Volga License Area.+#
4.3.3	Amendment No. 3 to License No. 14708 for the territory of the Volga License Area.+#
4.3.4	Amendment No. 4 to License No. 14708 for the territory of the Volga License Area.+#
4.3.5	Amendment No. 5 to License No. 14708 for the territory of the Volga License Area.+##

4.9.2	Amendment No. 2 to License No. 5331 for the territory of the Kaliningrad License Area.+^^^
4.9.3	Amendment No. 3 to License No. 5331 for the territory of the Kaliningrad License Area.+^^^
4.9.4	Amendment No. 4 to License No. 5331 for the territory of the Kaliningrad License Area.+^^^
4.10	License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.1	Amendment No. 1 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.2	Amendment No. 2 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.3	Amendment No. 3 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.4	Amendment No. 4 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.5	Amendment No. 5 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.6	Amendment No. 6 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.10.7	Amendment No. 7 to License No. 6038 for the territory of the Stavropol License Area.+^^^
4.11	License No. 14481 for the territory of the Kabardino-Balkarskaya Republic License Area.+^^^
4.12	License No. 15001 for the territory of the Karachaevo-Cherkesskaya Republic License Area.+^^^
4.13	License No. 21719 for the territory of the Samara License Area.+^^^
4.14	License No. 3953 for the territory of the Samara License Area.+*
4.14.1	Amendment No. 1 to License No. 3953 for the territory of the Samara License Area.+#
4.14.2	Amendment No. 2 to License No. 3953 for the territory of the Samara License Area.+##
4.15	License No. 4879 for the territory of the Orenburg License Area.+^^^
4.15.1	Amendment No. 1 to License No. 4879 for the territory of the Orenburg License Area.+^^^
4.15.2	Amendment No. 2 to License No. 4879 for the territory of the Orenburg License Area.+^^^
4.15.3	Amendment No. 3 to License No. 4879 for the territory of the Orenburg License Area.+^^^
4.16	License No. 5860 for the territory of the Novosibirsk License Area.+^^^
4.16.1	Amendment No. 1 to License No. 5860 for the territory of the Novosibirsk License Area.+^^^
4.17	License No. 17938 for the provision of data communication services for the territory of the Moscow License Area.+^^^
4.17.1	Addendum No. 1 to License No. 17938 for the provision of data communication services for the territory of the Moscow License Area.+^^^
4.17.2	Addendum No. 2 to License No. 17938 for the provision of data communication services for the territory of the Moscow License Area.+^^^
4.17.3	Addendum No. 3 to License No. 17938 for the provision of data communication services for the territory of the Moscow License Area.+^^^

4.18	License No. 17951 for the provision of telematic services for the territory of the Moscow License Area.+^^^
4.18.1	Addendum No. 1 to License No. 17951 for the provision of telematic services for the territory of the Moscow License Area.+^^^
4.18.2	Addendum No. 2 to License No. 17951 for the provision of telematic services for the territory of the Moscow License Area.+^^^
4.18.3	Addendum No. 3 to License No. 17951 for the provision of telematic services for the territory of the Moscow License Area.+^^^
4.19	Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.*
4.19.1	First Amendment, dated September 17, 1996, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.**
4.19.2	Second Amendment, dated November 8, 1996, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.**
4.19.3	Third Amendment, dated June 30, 1998, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.††
4.19.4	Fourth Amendment, dated December 29, 1998, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.††
4.19.5	Fifth Amendment, dated October 21, 1999, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.†††
4.19.6	Sixth Amendment, dated December 8, 1999, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.†††
4.19.7	Seventh Amendment, dated December 1, 2000, to Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.#
4.20	Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.*
4.20.1	First Amendment, dated September 17, 1996, to Deferred Payment Agreement dated, May 25, 1996, by and between Alcatel SEL AG and KB Impuls.**
4.20.2	Second Amendment, dated November 8, 1996, to Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.**
4.20.3	Third Amendment, dated April 24, 1998, to Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.††
4.20.4	Fourth Amendment, dated December 8, 1999, to Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.†††

4.20.5	Fifth Amendment, dated May 19, 2000, to Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.†††
4.20.6	Sixth Amendment, dated May 19, 2000, to Deferred Payment Agreement, dated May 25, 1996, by and between Alcatel SEL AG and KB Impuls.†††
4.21	Deed of Guarantee, dated May 25, 1996, given by Sota-100, KB Impuls-TV and VimpelCom in favor of Alcatel SEL AG.*
4.21.1	First Amendment, dated December 8, 1999, to Deed of Guarantee, dated May 25, 1996, given by Sota-100, KB Impuls-TV and VimpelCom in favor of Alcatel SEL AG.†††
4.21.2	Second Amendment, dated May 19, 2000, to Deed of Guarantee, dated May 25, 1996, given by Sota-100, KB Impuls-TV and VimpelCom in favor of Alcatel SEL AG.†††
4.22	Frame Contract No. II for the Supply of Switching, Radio and Other Telecommunication Equipment, dated May 19, 2000, by and between Alcatel SEL AG and KB Impuls.†††
4.23	Indent 5 Deferred Payment Agreement, dated August 23, 2000, by and between Alcatel SEL AG and KB Impuls.#
4.24	Deed of Guarantee, Indent 5 Deferred Payment Agreement, dated August 23, 2000, given by VimpelCom in favor of Alcatel SEL AG.#
4.25	Indent 6 Deferred Payment Agreement, dated September 7, 2000, by and between Alcatel SEL AG and KB Impuls.#
4.25.1	First Amendment, dated January 10, 2001, to Indent 6 Deferred Payment Agreement, dated September 7, 2000, by and between Alcatel SEL AG and KB Impuls.#
4.26	Deed of Guarantee, Indent 6 Deferred Payment Agreement, dated September 7, 2000, given by VimpelCom in favor of Alcatel SEL AG.#
4.27	Indent 8 Deferred Payment Agreement, dated February 15, 2001, by and between Alcatel SEL AG and KB Impuls.#
4.28	Deed of Guarantee, Indent 8 Deferred Payment Agreement, dated February 15, 2001, given by VimpelCom in favor of Alcatel SEL AG.#
4.29	Indent 9 Deferred Payment Agreement, dated May 9, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.30	Deed of Guarantee, Indent 9 Deferred Payment Agreement, dated May 9, 2001, given by VimpelCom in favor of Alcatel SEL AG.##
4.31	Indent 10 Deferred Payment Agreement, dated June 22, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.31.1	First Amendment, dated October 29, 2001, to Indent 10 Deferred Payment Agreement, dated June 22, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.32	Deed of Guarantee, Indent 10 Deferred Payment Agreement, dated June 22, 2001, given by VimpelCom in favor of Alcatel SEL AG.##
4.33	Indent 13 Deferred Payment Agreement, dated November 5, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.34	Deed of Guarantee, Indent 13 Deferred Payment Agreement, dated November 5, 2001, given by VimpelCom in favor of Alcatel SEL AG.##

4.35	Indent 14 Deferred Payment Agreement, dated November 12, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.36	Deed of Guarantee, Indent 14 Deferred Payment Agreement, dated November 12, 2001, given by VimpelCom in favor of Alcatel SEL AG.##
4.37	Indent 15 Deferred Payment Agreement, dated December 21, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.38	Deed of Guarantee, Indent 15 Deferred Payment Agreement, December 21, 2001, given by VimpelCom in favor of Alcatel SEL AG.##
4.39	Indent 16 Deferred Payment Agreement, dated December 21, 2001, by and between Alcatel SEL AG and KB Impuls.##
4.40	Deed of Guarantee, Indent 16 Deferred Payment Agreement, dated December 21, 2001, given by VimpelCom in favor of Alcatel SEL AG.##
4.41	Indent 17 Deferred Payment Agreement, dated March 27, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.42	Deed of Guarantee, Indent 17 Deferred Payment Agreement, dated March 27, 2002, given by VimpelCom in favor of Alcatel SEL AG.^^^
4.43	Indent 18 Deferred Payment Agreement, dated April 17, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.43.1	First Amendment, dated May 28, 2002, to Indent 18 Deferred Payment Agreement, dated April 17, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.44	Deed of Guarantee, Indent 18 Deferred Payment Agreement, dated April 17, 2002, given by VimpelCom in favor of Alcatel SEL AG.^^^
4.45	Indent 19 Deferred Payment Agreement, dated July 11, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.46	Deed of Guarantee, Indent 19 Deferred Payment Agreement, dated July 11, 2002, given by VimpelCom in favor of Alcatel SEL AG.^^^
4.47	Indent 20 Deferred Payment Agreement, dated August 27, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.48	Deed of Guarantee, Indent 20 Deferred Payment Agreement, dated August 27, 2002, given by VimpelCom in favor of Alcatel SEL AG.^^^
4.49	Amendment to Deferred Payment Agreements, dated February 15, 2002, by and between Alcatel SEL AG and KB Impuls.^^^
4.50	Form of Indemnification Agreement.^^^
4.51	General Agreement No. 1605, dated May 16, 1997, by and between KB Impuls and VimpelCom, as restated on September 1, 1998.+††
4.52	Service Obligation Agreement, dated April 1, 1999, by and between Telenor Russia AS and VimpelCom.***
4.52.1	Amendment No. 1, dated February 21, 2002, to Service Obligation Agreement, dated April 1, 1998, by and between Telenor AS and VimpelCom.##

4.53	Non-Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between Sberegatelny Bank of the Russian Federation and VimpelCom.+†††
4.53.1	Amendment Agreement No. 1, dated July 20, 2000, to Non-Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+#
4.53.2	Amendment Agreement No. 2, dated April 6, 2001, to Non-Revolving Credit Facility Agreement No. 9063 dated, April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+#
4.53.3	Amendment Agreement No. 3, dated May 29, 2001, to Non-Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+#
4.53.4	Amendment Agreement No. 4, dated September 28, 2001, to Non-Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+##
4.53.5	Amendment Agreement No. 5, dated November 30, 2001, to Non-Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+##
4.53.6	Amendment Agreement No. 6, dated August 6, 2002, to Non -Revolving Credit Facility Agreement No. 9063, dated April 28, 2000, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+^^^
4.54	Non-Revolving Credit Facility Agreement No. 9152, dated December 17, 2002, by and between VimpelCom-Region and Sberegatelny Bank of the Russian Federation.+^^^
4.55	Guarantee Agreement No. P-9152, dated December 20, 2002, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+^^^
4.55.1	Amendment Agreement No. 1, dated March 17, 2003, to Guarantee Agreement No. P-9152, dated December 20, 2002, by and between VimpelCom and Sberegatelny Bank of the Russian Federation.+^^^
4.56	Credit Agreement, dated January 15, 2003, by and among VimpelCom, Bayerische Hypo - und Vereinsbank AG and Nordea Bank Sweden AB (publ).^^^
4.57	Form of Guarantee Agreement by and between VimpelCom and The Bank of New York, as guarantee trustee, regarding VimpelCom's guarantee of VimpelCom B.V.'s payment and exchange obligations under the indenture.***
4.58	Form of Agreement Regarding Irrevocable Proxy by and between VimpelCom, VimpelCom (BVI) Ltd. and VimpelCom Finance B.V.***
4.59	Form of Loan Agreement by and between VimpelCom B.V. and VimpelCom.***
4.60	Form of Put Option Agreement by and between VimpelCom B.V. and Limited Liability Company VC Option.***
4.61	Form of Keep Well Agreement by and between VimpelCom and VimpelCom B.V. regarding net spread of 1/8th of 1% on amounts loaned to VimpelCom or its designees.***
4.62	Form of Call Option Agreement by and between VimpelCom B.V. and VC Limited.***
4.63	Form of Loan Agreement by and between VimpelCom B.V. and VC Limited.***

4.64 Form of ADS Pledge Agreement by and between VimpelCom B.V. and VC Limited.***

4.65 Form of Hedging Agreement by and between VimpelCom B.V. and VC Limited.***

4.66 Form of Call Option Agreement by and between VimpelCom (BVI) Ltd. and VimpelCom Finance B.V.***

4.67 Form of Call Option Agreement by and between VimpelCom Finance B.V. and VimpelCom.***

4.68 Primary Agreement, dated as of May 30, 2001, by and among VimpelCom, Telenor East Invest AS and Eco Telecom Limited.^

4.69 Registration Rights Agreement, dated as of May 30, 2001, by and among VimpelCom, Telenor East Invest AS and Eco Telecom Limited.^

4.70 Primary Agreement, dated as of May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and VimpelCom.^

4.71 Amendment No. 1 to Primary Agreement, dated May 15, 2002, to Primary Agreement, dated as of May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and VimpelCom.^^

4.72 Shareholders Agreement, dated as of May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and VimpelCom.^

4.73 Amendment No. 1 to Shareholders Agreement, dated as of May 15, 2002, to Shareholders Agreement, dated May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and VimpelCom.^^

4.74 Registration Rights Agreement, dated as of May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and Vimpel-Com.^

4.75 Amendment No. 1 to Registration Rights Agreement, dated May 15, 2002, to Registration Rights Agreement, dated as of May 30, 2001, by and among VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and VimpelCom.^^

4.76 Guarantee Agreement, dated as of May 30, 2001, by and among Telenor ASA, as guarantor, and VimpelCom, VimpelCom-Region and Eco Telecom Limited, as beneficiaries.###

4.77 Guarantee Agreement, dated as of May 30, 2001, by and among CTF Holdings Limited, as limited guarantor, Eco Holdings Limited, as general guarantor, and VimpelCom, VimpelCom-Region and Telenor East Invest AS, as beneficiaries.^

4.78 Undertaking Letter, dated May 30, 2001, by and between Telenor East Invest AS and VimpelCom.^

4.79 Undertaking Letter, dated May 30, 2001, by and between Eco Telecom Limited and VimpelCom.^

4.80 Preferred Stock Undertaking Letter, dated May 30, 2001, by and among VimpelCom, Telenor East Invest AS, Eco Telecom Limited, Dr. Dmitri B. Zimin and Overture Limited.^

4.81 Additional Agreement No. 1, dated May 30, 2001, to License Agreement No. TM 18-2001 BKP dated January 24, 2001, by and between VimpelCom and VimpelCom-Region.^

4.82 Additional Agreement No. 1, dated May 30, 2001, to License Agreement No. TM 19-2001 BKP dated January 24, 2001, by and between VimpelCom and VimpelCom-Region.^

4.83 License Agreement No. TM 25-2001, dated May 30, 2001, by and between VimpelCom and VimpelCom-Region.^

4.84	License Agreement No. TM 26-2001, dated May 30, 2001, by and between VimpelCom and VimpelCom-Region.^
4.85	License Agreement No. TM 27-2001, dated May 30, 2001, by and between VimpelCom and VimpelCom-Region.^
4.86	License Agreement No. TM 28-2001, dated May 30, 2001, by and between VimpelCom and VimpelCom-Region.^
4.87	Share Purchase Agreement, dated December 15, 2002, by and between Telenor Mobile Communications AS and VimpelCom-Region, related to the acquisition of Closed Joint Stock Company "Extel".^^^
4.88	Share Purchase Agreement, dated December 15, 2002, by and between Telenor Mobile Communications AS and VimpelCom-Region, related to the acquisition of Open Joint Stock Company "StavTeleSot".^^^
8.	List of Subsidiaries.^^^
12.1	Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.^^^
12.2	Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.^^^
12.3	Consent of Ernst & Young (CIS) Limited.^^^

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*	Incorporated by reference to the Registration Statement on Form F-1 (Registration No. 333-5694) of Open Joint Stock Company "Vimpel-Communications."
**	Incorporated by reference to the Registration Statement on Form F-1 (Registration No. 333-6826) of Open Joint Stock Company "Vimpel-Communications."
***	Incorporated by reference to the Registration Statement on Form F-3 (Registration No. 333-12210) of Open Joint Stock Company "Vimpel-Communications."
†	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company "Vimpel-Communications" for the fiscal year ended December 31, 1997.
††	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company "Vimpel-Communications" for the fiscal year ended December 31, 1998.
†††	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company "Vimpel-Communications" for the fiscal year ended December 31, 1999.
#	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company "Vimpel-Communications" for the fiscal year ended December 31, 2000
##	Incorporated by reference to the Annual Report on Form 20-F of Open Joint Stock Company "Vimpel-Communications" for the fiscal year ended December 31, 2001
###	Incorporated by reference to Form 6-K of Open Joint Stock Company "Vimpel-Communications" filed with the Securities and Exchange Commission on May 9, 2001.
^	Incorporated by reference to Form 6-K of Open Joint Stock Company "Vimpel-Communications" filed with the Securities and Exchange Commission on June 14, 2001

^^ Incorporated by reference to Form 6-K of Open Joint Stock Company "Vimpel-Communications" filed with the Securities and Exchange Commission on May 21, 2002.

^^^ Filed herewith.

+ English translation

Filename: d56093_ex1.htm
Type: EX-1
Comment/Description: Charter of VimpelCom
(this header is not part of the document)

EXHIBIT 1

Moscow Government
Moscow Registration Chamber
REGISTERED
May 24, 2002
In the register as No. 15624
Officer of the Chamber
V. V. Cherkashin /signed/
/Seal of the Moscow Registration Chamber/

Entered in to the State Register
of the State Registration Chamber
under Ministry of Justice
of the Russian Federation
First Deputy General Director
N.D. Makarova /signed/

Approved by
Decision of the Annual General Meeting
of Shareholders
of Open Joint Stock Company
"Vimpel-Communications"

Protocol *No* 30 dated May 15, 2002

General Director

Jo Lunder /signed/
[Seal]

CHARTER

OF THE OPEN JOINT STOCK COMPANY

"VIMPEL-COMMUNICATIONS"

City of Moscow

2002

CHARTER
OF OPEN JOINT STOCK COMPANY
"VIMPEL-COMMUNICATIONS"

1. GENERAL PROVISIONS

1.1 Open Joint Stock Company "Vimpel-Communications" hereinafter referred to as the "Company", shall be a legal entity in the form of an open joint stock company established pursuant to the decision of the Founders, dated June 15, 1993 (Protocol No. 1 of the Meeting of the Founders, dated June 15, 1993) and registered with the Moscow Registration Chamber (Certificate No. 015.624, dated July 28, 1993) and the State Registration Chamber on June 14, 1995 (Certificate No. 5143.16, dated June 14, 1995).

This amended and restated version of the Charter of the Open Joint Stock Company "Vimpel-Communications" was approved by the Shareholders' General Meeting, dated May 15, 2002 (Protocol No. 30 of the Shareholders' General Meeting) in connection with bringing the Company's foundation documents into compliance with the Federal Law "On Joint-Stock Companies" of December 26, 1995 (as amended on June 13, 1996, May 24, 1999 and August 7, 2001).

1.2 The Company shall be an enterprise with share participation of foreign investments. All foreign shareholders shall be entitled to the rights, benefits and guarantees granted to foreign investors by the Federal Law "On Foreign Investments in the Russian Federation" dated July 9, 1999, as amended, and other applicable laws of the Russian Federation.

1.3 Russian and foreign legal entities and Russian and foreign individuals may become Shareholders in the Company.

1.4 The terms of this Charter shall remain legally valid throughout the duration of the Company's activities. The duration of the Company's activities shall be unlimited.

1.5 The Company shall be guided in its activity by the legislation of the Russian Federation, including legislation on foreign investments in the Russian Federation, and by this Charter.

2. NAME AND LOCATION OF THE COMPANY

2.1 The full official name of the Company in Russian shall be: "Russian text was illegible"; the abbreviated official name of the Company in Russian is: "Russian text was illegible".

2.2 The full official name of the Company in English is: Open Joint Stock Company "Vimpel-Communications"; the abbreviated official name of the Company in English shall be: AO VimpelCom.

2.3 The location and mailing address of the Company shall be Ulitsa 8-Marta, Dom 10, Building 14, 125083 Moscow, Russia. The office of the General Director, the sole executive body of the Company, is located at this address, based on a lease agreement.

3. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

3.1 Shareholders of the Company (the "Shareholders") shall have rights and obligations in accordance with this Charter and applicable law. Shares of one and the same category (type) shall provide each holder with the same rights. All shares of the Company have the same nominal value. Holders of the Depositary Receipts (including American Depositary Receipts) representing shares of common stock shall have the same rights as Shareholders who hold shares of common stock (whether directly or through nominee holders), and shall be recognized as Shareholders for all purposes under this Charter, including without limitation with respect to Article 10.3.

3.2 Each Shareholder shall have all the rights provided by applicable law, including the following:

3.2.1 to transfer, sell, gift or bequeath his/her shares without the consent of the other Shareholders;

3.2.2 to receive dividends in accordance with decisions of the Company and the terms of this Charter: provided that the holders of Type A preferred shares shall have the right to receive annually the fixed dividend of 0.1 (one tenth) of a kopeck per each preferred share;

3.2.3 to participate in the management of the activities of the Company in the manner and in the forms provided for by this Charter, including the right to be elected to the managerial bodies and the audit commission of the Company (the "Audit Commission");

3.2.4 to receive information on the activity of the Company and to inspect the Company's books and other documentation in accordance with the procedure established by applicable law;

3.2.5 to receive copies of the minutes of the Shareholders' General Meeting; and

3.2.6 in the event of the liquidation of the Company, the holders of Type A preferred shares shall have the right to receive a fixed liquidation value of 0.5 (five tenths) of a kopeck per each preferred share, and thereafter the holders of Common Shares and any other type of preferred shares shall have a right to receive a portion of the property (or the portion of the value of the property) of the Company in proportion to their shareholding in the Charter Capital of the Company remaining after the claims of all of the Company's creditors have been satisfied in accordance with the procedures set forth in this Charter and the legislation of the Russian Federation.

3.3 Any person who, independently or together with its affiliated person(s), acquires thirty percent (30%) or more of the issued and outstanding Common Shares of the Company shall be released from the obligations set out in Article 80(2) of the Federal Law "On Joint Stock Companies".

3.4 (a) Any person who, independently or together with its affiliated person(s) (collectively, an ***"Acquirer"***), acquired voting share(s) of the Company in one or more transactions and, as a result of such acquisition(s), owns more than forty-five percent (45%) of the Company's issued and outstanding voting shares (the date of acquisition of the Company's shares in excess of forty-five percent (45%) of the issued and outstanding voting shares of the Company shall be referred to herein as the ***"Acquisition Date"***), shall make an offer (an ***"Offer"***) to the Shareholders of the Company to purchase such Shareholders' Common Shares of the Company at a price no lower than the weighted average price for the purchase of Common Shares of the Company, taking into account the prices of purchases on all exchanges and over-the-counter markets on which the shares of common stock (or depositary receipts representing shares of common stock) of the Company are traded, over the last six months preceding the Acquisition Date (the ***"Price"***).

(b) Within ten (10) calendar days from the Acquisition Date, the Acquirer shall send the Offer to the Company to the attention of the General Director, and within twenty (20) calendar days of receipt of the Offer from the Acquirer, the Company shall forward such Offer to each Shareholder and nominal holder of shares of common stock of the Company listed in the Company's share register as of the Acquisition Date. The Offer shall contain the following information:

- Name, address and contact information of the Acquirer;
- Date of the Offer (which shall be the date on which the Offer is sent by the Acquirer to the Company);
- the number of Common Shares acquired by the Acquirer;
- the Price (expressed in U.S. dollars), determined in accordance with Article 3.4(a) above, and a statement that the funds will be paid by wire transfer in U.S. dollars or, to the extent required by applicable law, in Russian rubles (at the exchange rate on the date of payment of the Central Bank of the Russian Federation);
- the time period during which the Offer will remain open which shall not be less than thirty (30) and not more than forty (40) calendar days from the date the Offer is sent by the Company to the holders of common stock pursuant to this Article 3.4(b) (the ***"Offer Period"***);
- time period for the purchase and payment for the Common Shares; and
- the address in Moscow, Russia, to which the notice of acceptance of the Offer should be sent (which shall allow for acceptance to be sent by registered mail or delivered in person).

(c) Each Shareholder may accept the Offer with respect to all or a portion of the Common Shares of the Company which such Shareholder owns by sending written notice thereof to the Acquirer in accordance with the terms of the Offer. Such notice shall include such Shareholder's name, the number of shares being sold to the Acquirer and the Shareholder's bank account information. The Acquirer shall pay in full for the shares to be purchased pursuant to this provision within fifteen (15) calendar days after the date on which the Offer is accepted by the Shareholder.

4. GOALS AND OBJECTIVES OF THE COMPANY

4.1 The Company shall be established for the following goals:

a) research, design and manufacture of radioelectronic communication systems and their components;

b) operation and offering of the services of national and international wireless telecommunications in Moscow, as well as in various parts of Russia and the Commonwealth of Independent States;

c) establishment of joint-venture companies, telephone companies, and other companies and enterprises for the purpose of establishment and operation of the systems of telecommunications in various parts of Russia and the Commonwealth of Independent States; and

d) earning profit.

4.2 The objectives of the Company shall be:

a) research and design in the field of radioelectronic systems (RES) of communication, informatics, telematics and in the related fields of science and technology;

b) creation of means and systems of communication, including rapid-deploying systems of radiotelephone communication for fixed and mobile subscribers, designs, systems of cable, trunks, fiber-optic, point-to-point, satellite and other types of communication systems, creation of teleports and telecommunication networks;

c) design, engineering and manufacture of the radioelectronic equipment for RES systems;

d) designs in the field of new standards and software and hardware complexes for satellite and ground types of systems of communication;

e) provision of communication services to companies and individuals in Russia and abroad on the basis of commercial use of established communication systems including different types of cellular, cable, trunks, fiber-optic, point-to-point, satellite and other types of communication systems, including international communication systems;

f) provision of consulting and information services, engineering and marketing, investment and innovation activities, leasing, provision of dealer, distributorship, broker and agency representation services;

g) carrying out commercial operations with know-how, scientific and technical products and information, including receipt and distribution of licenses;

h) publishing activities, provision of advertisement and other activities for the purpose of dissemination of information on the activities of the Company and its partners in joint projects; organization of personnel training and re-training, conducting seminars, schools of business, organization of courses on the objective of the Company's activities;

i) participation in establishment of new enterprises to assist in achieving the goals of the Company in accordance with applicable legislation;

j) carrying out independent foreign economic activity in accordance with applicable legislation of the Russian Federation, in particular, export-import and purchasing agency operations

k) carrying out leasing activity, including as a leasing company;

l) carrying out any other activity not prohibited by applicable law.

5. STATUS OF THE COMPANY

5.1 The liability of the Company shall be limited by its property. The Company shall not be liable for the obligations of the Russian State and its authorized bodies or the Shareholders. Except as specifically provided by applicable law, Shareholders are not liable for the obligations of the Company and bear the risk of losses associated with its activities to the extent of the value of their shares. Those Shareholders who have not paid for their shares in full shall be jointly and severally liable for the obligations of the Company to the extent of the unpaid portion of the value of their shares.

5.2 The Company shall maintain its own book-keeping, shall have current and other bank accounts, a round seal with the full official name of the Company, indication of its location and other requisites of the Company, as well as a trademark.

5.3 The Company shall have the right to establish branches and to open representative offices, as well as to participate in the charter capital and activities of any Russian or foreign enterprise or organization on the territory of the Russian Federation and other countries in accordance with applicable law.

5.4 The Company shall independently plan its production, financial, economic and other activities. The sale of products, implementation of works and rendering of services shall be carried out at prices and tariffs established by the Company. The Company shall have the right to acquire and sell, for cash or on a non-cash basis, products (work, services) of other commercial firms, associations and organizations, domestic as well as foreign, on the territory of the Russian Federation and other countries.

5.5 The Company shall have the right to receive bank and other credits and loans, and to issue, acquire, sell and exchange shares of stock and other securities.

5.6 The Company shall have the right to build, acquire, alienate, lease, rent and sublet, both in the Russian Federation and abroad, enterprises as well as any movable property and immovable property, including land, buildings, facilities, apartments, as well as residential and non-residential premises of any type in accordance with applicable law.

5.7 The Company shall have the right to acquire trucks, cars and other types of transportation, to establish a carpool, and to conclude contracts with outside organizations for provision of motor transportation, or to transfer to them its own auto transport on a contractual basis.

5.8 The Company, in order to fulfill state social, economic and tax policies, shall bear responsibility for the safekeeping of documents (managerial, financial, economic, personnel, etc.), for the purpose of transfer for the state storage of the documents that have scientific or historic value, as well as transfer to the Central Archive of Moscow of documents in accordance with the list of documents approved by "Mosgorarchiv" association, and shall keep and use the documents on its personnel in accordance with established procedure. The Company maintains its documents in accordance with current legislation at the following address: Ulitsa 8-Marta, Dom 10, Building 14, 125083 Moscow, Russia.

6. CHARTER CAPITAL

6.1 In addition to the issued and outstanding shares, the Company shall have the right to issue an additional 49,667,799 (Forty Nine Million Six Hundred Sixty Seven Thousand Seven Hundred Ninety Nine) common registered shares having a nominal value of 0.5 kopecks (Five Tenths of a kopeck) each (each such share is referred to as an "Authorized Common Share"). The rights vested by such shares of common stock are set forth in Articles 3.2, 3.4 and 6.4 hereof.

The Charter Capital of the Company constitutes 233,794.005 rubles (Two Hundred Thirty Three Thousand Seven Hundred Ninety Four Rubles and Five Tenths of a kopeck) and is divided into 40,332,201 (Forty Million Three Hundred Thirty Two Thousand Two Hundred and One) issued and outstanding registered common shares at a nominal value of 0.5 kopecks (Five Tenths of a kopeck) each (each such share is referred to as a "Common Share") and 6,426,600 (Six Million Four Hundred Twenty Six Thousand and Six Hundred) issued and outstanding registered Type A preferred shares at a nominal value of 0.5 kopecks (Five Tenths of a kopeck) each (each such share shall be referred to as a "Preferred Share").

One hundred percent (100%) of the Charter Capital has been contributed as of the registration date hereof.

6.2 The Company shall have the right to increase or decrease the Charter Capital, as well as to issue additional types of registered preferred shares or any other types of securities in accordance with applicable law.

6.3 Additional shares and other securities of the Company placed by subscription shall be placed upon payment in full therefor.

6.4 Each holder of fully paid Common Shares shall have a right to participate in the Shareholders' General Meetings with the right to vote on all issues, to include issues on the agenda of the Shareholders' General Meeting in accordance with the procedures set forth in this Charter and the legislation of the Russian Federation, to receive dividends and, in the event of the Company's liquidation, to receive a portion of the Company's property. Each fully paid Common Share shall have one vote at a Shareholders' General Meeting on all matters within its competence.

6.5 Preferred Shares placed by the Company before January 1, 2002 shall be voting convertible preferred shares of stock of the Company. Each holder of such Preferred Shares shall have a right: (a) to participate in Shareholders' General Meetings with the right to vote on all issues, (b) to receive annually a fixed dividend of 0.1 (one tenth) kopeck per Preferred Share, (c) in the event of the Company's liquidation, to receive a fixed liquidation value of 0.5 (one half) kopeck per Preferred Share, (d) to include issues on the agenda of the Shareholders' General Meeting in accordance with the procedures set forth in this Charter and the legislation of the Russian Federation, and (e) to convert Preferred Shares placed by the Company before January 1, 2002 and owned by such holder into common shares of the Company on the terms and conditions provided in Article 6.6. Each fully paid Preferred Share placed by the Company before January 1, 2002 shall have one vote at a Shareholders' General Meeting on all matters within its competence.

6.6 Each Preferred Share placed by the Company before January 1, 2002, may be converted into one common share of the Company at any time after June 30, 2016, at the election of the holder of such Preferred Share upon payment to the Company of a conversion premium equal to 100% of the market value of a common share at the time of conversion.

7. FINANCIAL MATTERS

7.1 The Company shall be the owner of the property belonging to it, and shall independently own, use and dispose of it. The Company shall independently determine the composition of the property belonging to it.

7.2 The profit remaining after taxation shall be allocated by the Shareholders' General Meeting.

7.3 The Company shall establish a Reserve fund in the amount of 15% of the Charter Capital, and shall make annual contributions to the Reserve fund of 5% of its net profits until the Reserve fund reaches the stated amount. Upon decision of the Board of Directors, the Company may establish, out of its net profit, a special share acquisition fund for employees of the Company, the monetary assets of which shall be spent exclusively for acquisition of the Company's shares sold by the Company's Shareholders for their further distribution among the employees designated by the Board of Directors, as well as other funds, and shall make contributions to such funds in accordance with decisions of the Board of Directors.

7.4 The Company may adopt a decision to pay dividends on issued and outstanding shares once a year unless otherwise provided by applicable law.

7.5 The financial year of the Company shall be the calendar year. The Company shall maintain current accounting and statistical reports and records, in accordance with applicable regulations of the Russian Federation as well as in accordance with US Generally Accepted Accounting Principles.

8. THE MANAGERIAL BODIES OF THE COMPANY

The managerial bodies of the Company are: the Shareholders' General Meeting; the Board of Directors; and the General Director.

9. THE SHAREHOLDERS' GENERAL MEETING

9.1 The highest managerial body of the Company is the shareholders' general meeting (the "Shareholders' General Meeting") which shall have the competence to decide issues relating to the Company provided for by this Charter and by applicable law. At any Shareholders' General Meeting, each Shareholder shall have the number of votes equal to the sum of the number of his/her registered, fully-paid Common Shares and his/her registered, fully paid Preferred Shares placed by the Company before January 1, 2002. In cumulative voting, each voting share of the Company shall have a number of votes equal to the total number of members of the Board of Directors of the Company.

9.2 The competence of the Shareholders' General Meeting shall include the following issues, decisions on which shall be adopted by a vote of more than 50% of the votes of Shareholders holding voting shares of the Company participating in the Shareholders' General Meeting, unless otherwise provided in Article 9.3 or by Russian legislation:

9.2.1 changes and amendments to the Charter or approval of a new version of the Charter;

9.2.2 reorganization of the Company;

9.2.3 liquidation of the Company, appointment of a liquidation commission, and approval of the interim and final liquidation balance sheets;

9.2.4 with respect to the Board of Directors:

election of the members of the Board of Directors (on a cumulative voting basis) ;

9.2.4.2 premature removal of the members of the Board of Directors;

9.2.5 determination of the maximum number of authorized common shares and authorized preferred shares of the Company, and the nominal value, category (type) and rights provided by such shares;

9.2.6 with respect to increasing the Company's Charter Capital:

increase of the Company's Charter Capital by increasing the nominal value of Common Shares and/or Preferred Shares;

increase of the Company's Charter Capital by issuance of additional common shares and/or preferred shares, or by conversion of other securities of the Company convertible into shares of the Company;

9.2.7 reduction of the Company 's Charter Capital by reducing the nominal value of Common Shares and/or Preferred Shares, by the Company's acquisition of a portion of the Common Shares and/or Preferred Shares for the purpose of reducingthe total number of Common Shares and/or Preferred Shares, or by way of cancelling Common Shares and/or Preferred Shares acquired or repurchased by the Company in accordance with applicable law;

9.2.8 election of the members of the Audit Commission of the Company and their early dismissal;

9.2.9 approval of the Company's external auditor;

9.2.10 approval of the balance sheet, profit and loss statement, annual report of the Board of Directors, auditor reports, as well as distribution of the Company 's profit, including payment (declaration) of dividends and distribution of the Company's losses based on the fiscal year results;

9.2.11 establishment of the procedure for conducting the Shareholders' General Meetings;

9.2.12 election of members of the counting commission of the Company and the early termination of their authority;

9.2.13 determination of the method for the Company to convey materials (information) to Shareholders;

9.2.14 splitting and consolidation of Common Shares and/or Preferred Shares;

9.2.15 approval of transactions with interested parties as provided by applicable law;

9.2.16 approval of a major transaction or series of transactions connected with the acquisition, disposal or potential disposal (directly or indirectly) by the Company of property in cases provided for by applicable law;

9.2.17 acquisition by the Company of Common Shares or Preferred Shares as provided by applicable law;

9.2.18 participation in holding companies, financial-industrial groups, associations and any other amalgamations of commercial organizations;

9.2.19 approval of, amendments to and termination of, internal documents of the Company which regulate the activities of the bodies of the Company;

9.2.20 determination of the compensation and salaries for the members of the Board of Directors for the term of their office (travel expenses of the Board of Directors while in office shall be reimbursed);

9.2.21 determination of the amount of remuneration and compensation paid to members of the Audit Commission and approval of an internal document of the Company regulating the procedures for the activities of the Audit Commission;

9.2.22 taking decisions on other issues provided by applicable law.

9.3 Decisions on issues specified in paragraphs 9.2.2, 9.2.6 and 9.2.14 through 9.2.19 of Article 9.2. shall be adopted by the Shareholders' General Meeting only upon the proposal of the Board of Directors. In addition to any decisions which require such approval under Article 9.2 and Russian law, decisions on issues specified in paragraphs 9.2.1-9.2.3, 9.2.5, and 9.2.17 of Article 9.2, require the approval of three-quarters of the votes of the Shareholders holding voting shares and participating in the Shareholders' General Meeting.

A decision on the placement by open subscription of common shares of the Company or securities of the Company convertible into common shares which comprise or may be converted into common shares in an amount exceeding 25% of the previously placed Common Shares of the Company shall also be taken by the Shareholders' General Meeting by a three-fourths (75%) majority vote of Shareholders holding voting shares and participating in the Shareholders' General Meeting. A decision to increase the Charter Capital of the Company through the issuance of additional common or preferred shares or securities of the Company convertible into common shares, by closed subscription, shall be taken by a three fourths (75%) majority vote of Shareholders holding voting shares and participating in the Shareholders' General Meeting.

9.4 Decisions on issues specified in sub-clauses 9.2.1-9.2.22 of Article 9.2 shall be within the jurisdiction of the Shareholders' General Meeting and may not be referred to the Board of Directors.

9.5 The annual Shareholders' General Meeting shall decide on the issues of election of the Board of Directors of the Company and the Audit Commission of the Company, shall approve the external auditor of the Company, and shall consider the annual report, balance sheet and statement of profit and losses of the Company to be submitted by the Company's Board of Directors. The annual Shareholders' General Meeting shall be conducted not earlier than two (2) months and not later than six (6) months after the expiration of the fiscal year of the Company on the date determined by the Board of Directors at the moment of convening the Meeting.

9.6 In addition to the annual Shareholders' General Meeting, extraordinary meetings may be held. Extraordinary Shareholders' General Meetings may be convened by the Board of Directors to consider any issue within the competence of the Shareholders' General Meeting. The Board of Directors shall be obliged to call an extraordinary Shareholders' General Meeting within the minimum period allowed by applicable law upon its own decision or upon the written request of Shareholders owning jointly not less than 10% of the Company's voting shares on the date of such request, the Audit Commission/the internal auditor or external auditor of the Company. Such a request must include the agenda for the requested meeting and other information required by applicable law.

9.7 Notice of a forthcoming Shareholders' General Meeting shall be given at least 30 days prior to the Shareholders' General Meeting unless a longer period is required by applicable law. All notices, including notifications on convening a Shareholders' General Meeting, shall be sent to each person included in the list of persons having the right to participate in the Shareholders' General Meeting, by registered mail or delivered in person against a receipt at the address specified in the shareholders' register of the Company, or at such other address, if the Shareholder informed the Board of Directors of such other address in writing. Upon the decision of the Shareholders' General Meeting, notice on convening a meeting and its agenda may be published in a newspaper as determined by the Shareholders' General Meeting not less than 30 days prior to the meeting. The agenda may not be changed after its distribution and/or publication. The Board of Directors shall be responsible for taking all measures necessary to convene the Shareholders' General Meeting in accordance with applicable law.

9.8 The Shareholders' General Meeting shall have authority (quorum shall be met) if Shareholders (or their representatives) owning in the aggregate more than one-half (50%) of the votes of the Company's issued voting shares participate in the Shareholders' General Meeting. If a quorum is not met, then a new Shareholders' General Meeting shall be called no later than 30 days after the first Meeting and no changes shall be made to the agenda for the new Shareholders' General Meeting. The new Shareholders' General Meeting shall be considered to have a quorum if Shareholders (or their representatives) owning in the aggregate at least thirty percent (30%) of the Company's issued voting shares participate in the Shareholders' General Meeting .

9.9 The Chairman of the Board of Directors shall preside at the Shareholders' General Meeting or he/she may delegate the powers to another member of the Board of Directors.

9.10 Voting at Shareholders' General Meetings shall be conducted by ballots.

9.11 The Shareholders shall be informed of the decisions taken by the Shareholders' General Meeting, as well as voting results by having notice of the decisions and voting results sent to them by registered mail or delivered in person with return receipt not later than ten (10) days after the execution of the minutes reflecting the voting results.

10. THE BOARD OF DIRECTORS

10.1 The board of directors of the Company (the "Board of Directors") shall carry out the general management of the Company's activities, except those issues within the competence of the Shareholders' General Meeting by legislation and this Charter.

10.2 The Board of Directors shall consist of 9 members. The members of the Board of Directors shall be elected by the Shareholders' General Meeting by means of cumulative voting. Each member of the Board of Directors shall be elected at the annual Shareholders' General Meeting for a period of one (1) year and shall remain in office until the subsequent annual Shareholders' General Meeting unless the authority of the Board of Directors is terminated earlier by decision of a Shareholders' General Meeting.

10.3 The Board of Directors shall take decisions and organize its work at its own discretion. The Board of Directors shall meet on an as-needed basis but no less than once a quarter. Meetings of the Board of Directors shall be convened in accordance with procedures adopted by the Board of Directors, at the initiative of the Chairman of the Board of Directors or upon the request of a member of the Board of Directors, the Audit Commission/the internal auditor, the external auditor of the Company or the General Director. The Chairman of the Board of Directors shall give all the members of the Board of Directors notice of the meeting together with the agenda at least ten (10) but no more than thirty (30) days prior to the meeting; provided, however, that prior to or at any meeting of the Board of Directors, the members of the Board of Directors may unanimously decide to waive in writing the notice requirement with respect to that meeting and/or, if all members are present at the meeting, the members of the Board of Directors may unanimously decide to add additional items to the agenda; in the event that not all the members of the Board of Directors are present at the meeting, the agenda may not be changed. Two-thirds (2/3) of the total number of members of the Board of Directors shall constitute a quorum for any meeting of the Board of Directors; provided, however, that the presence (or, with respect to any meeting by ballot, the vote) of at least one duly elected member of the Board of Directors nominated separately by each holder (if any) of at least 25% plus one share of the issued and outstanding voting capital stock of the Company shall be required to constitute any such quorum. The Chairman of the Board of Directors shall be elected by the members of the Board of Directors for a period of one year.

10.4 Each member of the Board of Directors shall have one vote. In case of a tie, the Chairman of the Board of Directors shall cast the decisive vote. Decisions of the Board of Directors shall be adopted by a simple majority of its members' votes, unless otherwise specified by this Charter, the procedural regulations of the Board of Directors or applicable law; provided that the procedural regulations of the Board of Directors shall not reduce the voting requirements provided for by this Charter or applicable law. Decisions may be made in writing, by mail, telex, telegram or facsimile transmission without the members of the Board of Directors being physically present at the meeting (absentee ballot voting) provided such decisions are taken unanimously by all members of the Board of Directors. In such cases, written decisions signed by all members of the Board of Directors of the Company shall be valid as if they were adopted at a normal meeting of the Board of Directors.

10.5 The competence of the Board of Directors shall include all matters relating to the general management of the Company's activities except those matters within the competence of the Shareholders' General Meeting. The Company's Board of Directors shall have the right to take decisions on limiting the competence of the Company's executive body (General Director) to the extent permitted by the current laws of the Russian Federation, and, consequently, take decisions on increasing the competence of the Board of Directors to the extent permitted by the current laws of the Russian Federation. The competence of the Board of Directors shall include the following matters:

10.5.1 determination of the Company's business priorities and approval of the strategic orientations of the Company as advised by the General Director;

10.5.2 convening of annual and extraordinary Shareholders' General Meetings, approval of their agendas, determination of the record date for determining persons entitled to attend Shareholders' General Meetings and other matters relating to the preparation for and convening of Shareholders' General Meetings;

10.5.3 placement of bonds and other securities of the Company in accordance with applicable law;

10.5.4 determination of the price (monetary value) of property, and the placement and redemption price of securities in accordance with applicable law;

10.5.5 acquisition of shares placed by the Company, bonds and other securities of the Company in accordance with applicable law;

10.5.6 determination of the amount of payment for the services of the external auditor of the Company;

10.5.7 recommendation of the amounts of the annual dividends on Common Shares and the procedure for the payment of annual dividends on Common Shares and Preferred Shares;

10.5.8 use of the reserve fund and other funds of the Company;

10.5.9 approval, amendment or termination of the Company's internal documents, except for those documents which must be approved by the Shareholders' General Meeting;

10.5.10 establishment or termination of activities of branch offices, representative offices or subsidiaries of the Company;

10.5.11 acquisition or sale of the shareholdings in other enterprises;

10.5.12 approval of a major transaction or series of transactions connected with the acquisition, disposal or potential disposal (directly or indirectly) of property by the Company as provided by applicable law;

10.5.13 approval of transactions with interested parties as provided by applicable law;

10.5.14 approval of the registrar of the Company and the terms of the agreement with the registrar and termination thereof;

10.5.15 appointment and dismissal of the General Director, and premature termination of his authority, determination of the amount of remuneration and compensation paid to him, as well as clarification of his obligations and authorities;

10.5.16 approval of the appointment of the members of senior management appointed by the General Director;

10.5.17 approval of the compensation policy and total remuneration fund for senior management;

10.5.18 approval of the organizational management structure proposed by the General Director;

10.5.19 approval of the annual budget (including, without limitation, revenues, costs, profits, planned investments, capital expenditures) and the business plan which shall include the cost of new lines of business, and any amendments thereto;

10.5.20 resolution of the issues in its competence under applicable law and this Charter, except for those issues which are in the competence of the Shareholders' General Meeting.

10.6 Unless otherwise required by applicable law, decisions on the issues specified in Article 10.5.7 of this Charter shall be taken by the affirmative vote of not less than two-thirds of all of members of the Board of Directors. If a higher percentage is not required by applicable law, decisions on matters set forth in Articles 10.5.1, 10.5.9, 10.5.11, 10.5.19 and 10.7 of this Charter, as well as the appointment and dismissal of the General Director, and early termination of his authority pursuant to Article 10.5.15 of this Charter, shall require the approval of no less than eighty percent (80%) of the total number of votes of the members of the Board of Directors.

10.7 The General Director shall obtain the approval of the Board of Directors of the Company before entering into any agreements beyond the limits of the approved budget and business plan.

11. THE MANAGEMENT OF THE COMPANY

11.1 The General Director of the Company shall carry out the management of the Company's activities on a day-to-day basis. The competence of the General Director of the Company shall include all matters pertaining to the current activities of the Company except (a) matters included within the competence of the Shareholders' General Meeting or the Board of Directors of the Company and (b) matters which the Board of Directors has removed from the competence of the Company's executive body (General Director) in accordance with Article 10.5 of this Charter. The General Director of the Company shall organize the implementation of decisions of the Shareholders' General Meeting and Board of Directors of the Company. The General Director shall act on behalf of the Company without a power of attorney, and shall, in particular, represent the Company's interests, conclude transactions on behalf of the Company, approve personnel schedules, issue orders and give instructions binding upon all employees of the Company.

11.2 The General Director may not simultaneously serve as the Chairman of the Board of Directors.

11.3 The executive body shall bear responsibility for the organization, condition and authenticity of book-keeping of the Company, timely submission of the annual report and other financial reporting to the relevant authorities, as well as information on the Company's activities provided to Shareholders, creditors and mass media in accordance with applicable legislation and an agreement to be concluded by and between the Company and the executive body.

12. AUDIT COMMISSION AND AUDITOR

12.1 The Audit Commission shall review the financial and economic activities of the Company not less than once a year, as well as upon the request of the Shareholders' General Meeting, the Board of Directors, or the Shareholders owning, in aggregate, at least 10% of the Company's common (voting) registered shares. The procedure for its activities and form of reports of the Audit Commission shall be determined by the Shareholders' General Meeting in accordance with applicable law. The annual report and the balance sheet shall be submitted by the General Director to the Shareholders' General Meeting only together with an opinion from the Audit Commission.

12.2 The Audit Commission of the Company shall consist of three members. Members of the Audit Commission of the Company may not be simultaneously members of the Board of Directors or hold other offices in the managerial bodies of the Company.

12.3 Company officials shall be obliged to provide all the necessary documents and personal explanations at the request of the Audit Commission.

12.4 The authority of the Audit Commission shall include the following issues:

(a) the right to review the performance of the Company's external auditors, issue opinions and make recommendations regarding their performance, meet with them independently of the Company's management and follow up on any recommendations made by the external auditors;

(b) the right to review and issue opinions and recommendations to the Board of Directors and/or the Shareholders' General Meeting regarding the Company's auditing and accounting principles and practices;

(c) the right to be advised of any significant issues relating to the Company's auditing or accounting activities;

(d) the right to review the activities, reports, organizational structure and qualifications of the Internal Audit Department of the Company, follow up on any recommendations and decisions of the Internal Audit Department, and issue opinions to the Shareholders' General Meeting and/or the Board of Directors, at the Audit Commission's own discretion or upon the request of the Board of Directors or Shareholders' General Meeting, regarding the performance of the Internal Audit Department of the Company, internal audit departments in the companies in which the Company holds an interest and/or the external auditors of the Company or such companies;

(e) the right and responsibility to investigate and report to the Shareholders' General Meeting and/or the Board of Directors on the adequacy and effectiveness of the controls in place which regulate the operations and financial reporting in the Company and the companies in which the Company has an interest, the Company's relationship with such companies, and the right to monitor the Company's compliance with ethical standards and corporate securities trading policies standards;

(f) the right to review both potential and previously executed interested party transactions as defined under Russian legislation and to provide the Shareholders' General Meeting and/or the Board of Directors with the Audit Commission's recommendations regarding its approval of such transactions and whether they were executed in accordance with the normal course of business;

(g) the right to define the content and format of the information which the Board of Directors, external auditors and the Internal Audit Department of the Company are to report to the Audit Commission and the regularity with which such reports are to be made;

(h) the right to access any files and systems of the Company and to access and require any information related to the Company and the companies in which the Company holds an interest;

(i) the right to recruit, at the expense of the Company, external specialists and/or consultants to assist the Audit Commission in its work, including conducting expertise on such matters as the Audit Commission may decide, if the costs of such specialists and/or consultants have been approved by the Board of Directors or are set forth in the budget of the Audit Commission;

(j) the right to request and receive, on behalf of the Company, information from the companies in which the Company holds an interest; and

(k) other issues, rights and responsibilities as set forth in applicable law and in the Bylaws of the Audit Commission

12.5 The Company may conclude a contract with a specialized organization (external auditor) for audit and certification of the annual financial report of the Company.

12.6 The authority of the members of the Audit Commission may be terminated early by the decision of the Shareholders' General Meeting. The decision of the Shareholders' General Meeting on such early termination of the authority of the members of the Audit Commission may be taken only with respect to all members of the Audit Commission.

13. REORGANIZATION AND LIQUIDATION OF THE COMPANY

13.1 The Company shall be liquidated by decision of the Shareholders' General Meeting, by decision of a court of competent jurisdiction or in other cases in accordance with applicable law. The Company shall be considered liquidated as of the moment of insertion of a corresponding entry in the State Register of legal entities. Liquidation of the Company shall be carried out in accordance with applicable law.

13.2 Upon reorganization or liquidation of the Company, all documents (managerial, financial, economic, personnel, etc.) shall be transferred in accordance with established order to the enterprise legal successor of the Company. In the absence of a successor, documents that have scientific and historical value shall be transferred for state storage to the archives of "Mosgorarchiv" association. Documents on personnel (orders, personal files, accounting cards, personal accounts, etc.) shall be transferred for storage to the archive of the Administrative district, on which territory the Company is located. The transfer of the documents and their filing shall be effected by the forces and at the expense of the Company, in accordance with the requirements of the archive bodies.

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EXHIBIT 2.3

CONFORMED COPY

Dated April 23, 2002

$250,000,000

LOAN AGREEMENT

between

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

as Borrower

and

J.P. MORGAN AG

as Lender

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
London

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THIS AGREEMENT **is made the 23 day of April 2002**

BETWEEN

(1) **OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"**, an open joint stock company organised under the laws of the Russian Federation (the "**Borrower**"); and

(2) **J.P. MORGAN AG**, a bank established under the laws of the Federal Republic of Germany and whose registered office is Grüneburgweg 2, 60322 Frankfurt am Main, Federal Republic of Germany (the "**Lender**").

It is agreed as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement the following terms have the meanings given to them in this Clause 1.1:

"*Acceleration Notice*" has the meaning set forth in Clause 15.2 (*Rights of Lender upon occurrence of an Event of Default*).

"*Account*" means an account of the Lender with JPMorgan Chase Bank, Account Number 24498502.

"*Additional Amounts*" has the meaning set forth in Clause 8.1(b).

"*Adjusted Consolidated Net Income*" means, for any period, the consolidated net income (or loss) of the Borrower for such period determined in conformity with GAAP; provided that the following items shall be excluded in computing Adjusted Consolidated Net Income (without duplication):

(1) the net income of any Person other than the Borrower or a Restricted Subsidiary, except that the amount of dividends or other distributions actually paid to the Borrower or any Restricted Subsidiary by such other Person during such period shall be included in determining Adjusted Consolidated Net Income (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations set forth in clause (3) below);

(2) any net income (loss) of any Person acquired by the Borrower or a Restricted Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition;

(3) the net income of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted, directly or indirectly, by any means (including by dividends, distributions, loans or otherwise) or by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary (other than in the case of any such restriction or encumbrance in effect on the date hereof (but not including any extension or renewal of any such restriction or encumbrance));

(4) any gains or losses (on an after-tax basis) attributable to Asset Sales or to a discontinuation of any line of business;

(5) any amount paid or accrued as dividends on Preferred Stock of the Borrower or any Restricted Subsidiary owned by Persons other than the Borrower or any of its Restricted Subsidiaries;

(6) all extraordinary gains and extraordinary losses, as well as the tax effects thereof; and

(7) the cumulative effect of a change in accounting principles.

"*Affiliate*" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control.

"*Agency*" means any agency, authority, central bank, department, committee, government, legislature, minister, ministry, official or public or statutory person (whether autonomous or not).

"*Agency Agreement*" means General Agreement - Contract No. 1606, as executed on April 19, 2002, between KB Impuls and Open Joint Stock Company "Vimpel-Communications", and as such Agreement may become effective upon approval by a general meeting of the Borrower's shareholders.

"*Arrangement Fee Letter*" means the letter from the Lender to the Borrower, dated April 23, 2002, setting out certain fees and expenses payable by the Borrower in connection with the Loan and the agreed funding source.

"*Asset Acquisition*" means (i) an investment by the Borrower or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Borrower or any of its Restricted Subsidiaries; provided that such Person's primary business is related, ancillary or complementary to, the businesses of the Borrower and its Restricted Subsidiaries on the date of such investment, (ii) an acquisition by the Borrower or any of its Restricted Subsidiaries of a telecommunications license or (iii) an acquisition by the Borrower or any of its Restricted Subsidiaries of the property and assets of any Person other than the Borrower or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person; provided that the property and assets acquired are related, ancillary or complementary to the businesses of the Borrower and its Restricted Subsidiaries on the date of such acquisition.

"*Asset Disposition*" means the sale or other disposition by the Borrower or any of its Restricted Subsidiaries (other than to the Borrower or another Restricted Subsidiary) of (i) all or substantially all of the Capital Stock of any Restricted Subsidiary or (ii) all or substantially all of the assets that constitute a division or line of business of the Borrower or any of its Restricted Subsidiaries.

"*Asset Sale*" means any sale, transfer or other disposition (including by way of merger, consolidation or sale-leaseback transaction) in one transaction or a series of related transactions by the Borrower or any of its Restricted Subsidiaries to any Person other than the Borrower or any of its Restricted Subsidiaries of:

(1) all or any of the Capital Stock of any Restricted Subsidiary;

(2) all or substantially all of the property and assets of an operating unit or business of the Borrower or any of its Restricted Subsidiaries; or

(3) any other property and assets of the Borrower or any of its Restricted Subsidiaries outside the ordinary course of business of the Borrower or such Restricted Subsidiary;

in each case, that is not governed by the provisions of this Agreement applicable to mergers, consolidations and sales of all or substantially all of the assets of the Borrower; provided that "Asset Sale" shall not include:

(1) sales or other dispositions of inventory, receivables and other current assets;

(2) transactions permitted under Clause 14.15 (*Merger, Consolidation and Sale of Assets*);

(3) transactions involving the sale, transfer or other conveyance, whether direct or indirect, of all or substantially all of the assets of the Borrower in accordance with Clause 14.12 (*Change of Control*);

(4) sales or other dispositions of assets with a fair market value (as certified in an Officers' Certificate) not in excess of $500,000;

(5) a sale, transfer or other disposition of Capital Stock in an Unrestricted Subsidiary by such Unrestricted Subsidiary;

(6) the issue and sale of Capital Stock by VimpelCom-Region in connection with the Conversion (as defined in the VimpelCom-Region Primary Agreement) of the Preferred Stock of VimpelCom-Region on the terms and conditions set forth in Section 2.11 of the VimpelCom-Region Primary Agreement; or

(7) the sale or other disposition by the Borrower of Preferred Stock of VimpelCom-Region on the terms and conditions set forth in Section 2.09 and Section 2.10 of the VimpelCom-Region Primary Agreement.

"*Asset Sale Payment Date*" means the date specified as such in the notice from the Borrower to the Lender pursuant to Clause 7.4(b).

"*Average Life*" means, at any date of determination with respect to any debt security, the quotient obtained by dividing:

(1) the sum of the products of (i) the number of years from such date of determination to the dates of each successive scheduled principal payment of such debt security and (ii) the amount of such principal payment by

(2) the sum of all such principal payments.

"*Bankruptcy Law*" means (i) for purposes of the Borrower and any Significant Subsidiary organized under the laws of Russia on the date hereof, the Federal Law No. 6-FZ "On Insolvency (Bankruptcy)", dated January 8, 1998 (with the amendments as of March 21, 2002), as may be amended from time to time, and any similar statute, regulation or provision of any other jurisdiction in which the Borrower or such Significant Subsidiary is organized or conducting business and (ii) for purposes of any Significant Subsidiary organized under the laws of The Netherlands on the date hereof, the *Faillissementswet*, as may be amended from time to time, and any similar statute, regulation or provision of any other jurisdiction in which such Significant Subsidiary is organized or conducting business.

"*Bee-Line Samara*" has the meaning set forth in Clause 11.1 (*Due Organisation*).

"*Board of Directors*" means, as to any Person, the board of directors of such Person or any duly authorised committee thereof.

"*Borrower*" means the party named as such above until a successor replaces it in accordance with Clause 14.15 (*Merger, Consolidation and Sale of Assets*) and thereafter means such successor.

"*Budget*" means the annual budget of a Person which shall include (i) revenues, (ii) expenditures, and (iii) a profit and business plan (which shall include all planned current expenditures, investments and expenditures for new types of activities), as well as any changes thereto or any expenditures beyond the levels stated therein (taking into account the allowed variances provided for therein).

"*Business Day*" means any day (other than a Saturday or Sunday) on which banks generally are open for business in New York, Frankfurt and London.

"*Capital Adequacy Requirement*" means a request or requirement relating to the maintenance of capital, including one which makes any change to, or is based on any alteration in, the interpretation of the International Convergence of Capital Measurement and Capital Standards (a paper prepared by the Basle Committee on Banking Regulations and Supervision, dated July 1988, and amended in November 1991) or which increases the amounts of capital required thereunder, other than a request or requirement made by way of implementation of the International Convergence of Capital Measurement and Capital Standards in the manner in which it is being implemented at the date hereof.

"*Capital Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including Preferred Stock of such Person, whether now outstanding or issued after the date hereof, including without limitation, all series and classes of such capital stock.

"*Capitalised Lease*" means, as applied to any Person, any lease of any property (whether real, personal or mixed) of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalised on the balance sheet of such Person.

"*Capitalised Lease Obligations*" means the capitalised amount of a Capitalised Lease determined in accordance with GAAP, and the amount of Indebtedness represented by such obligation will be the capitalised amount of such obligation at the time any determination thereof is to be made as determined in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) any evidence of Indebtedness with a maturity of one year or less issued or directly and fully guaranteed or insured by an Approved Jurisdiction or any Agency or instrumentality thereof; provided that the full faith and credit of an Approved Jurisdiction (or similar concept under the laws of the relevant Approved Jurisdiction) is pledged in support thereof;

(2) current account balances, deposits, certificates of deposit, promissory notes, acceptances or money market deposits with a maturity of one year or less of (i) any institution having combined consolidated capital and surplus and undivided profits (or any similar capital concept) of not less than $500 million (or the equivalent in another currency) as determined under GAAP, international accounting standards or the accounting standards of the country in which such institution is incorporated and as set forth in the most recent publicly available financial reports published by such institution or (ii) any Subsidiary duly organized and operating as a banking institution under the laws of Russia of any banking or financial institution referred to under (i) above;

(3) current account balances, deposits, certificates of deposit, promissory notes, acceptances or money market deposits with a maturity of one year or less with any banking institution duly organized and operating under the laws of Russia having combined capital and surplus and undivided profits (or any similar capital concept) of not less than $100 million (or the equivalent in another currency) as determined under GAAP, international accounting standards or the accounting standards of the country in which such institution is incorporated and as set forth in the most recent publicly available financial reports published by such institution; provided, however, that the aggregate of such current account balances, deposits, certificates of deposit, promissory notes, acceptances or money market deposits with a maturity of one year or less may not exceed at any one time the aggregate of (x) $25 million (or the equivalent in another currency) with any single such banking institution and (y) $50 million (or the equivalent in another currency) with all such banking institutions;

(4) current account balances with any banking institution duly organized and operating under the laws of Russia having combined capital and surplus and undivided profits (or any similar capital concept) of at least $10 million (or the equivalent in another currency) but less than $100 million (or the equivalent in another currency) as determined under GAAP, international accounting standards or the accounting standards of the country in which such institution is incorporated and as set forth in the most recent publicly available financial reports published by such institution; provided, however, that the aggregate of such current account balances may not exceed at any one time (x) $15 million (or the equivalent in another currency) with any single such banking institution or (y) $50 million (or the equivalent in another currency) with all such banking institutions; provided, further, that the Borrower shall give (and not withdraw) instructions to any such banking institution with which the Borrower has a current account balance in excess of $1 million (or the equivalent in another currency) to transfer the balance in excess of such amount to a banking institution meeting the qualifications set forth in clause (2) or (3) of this definition no later than 10 Business Days from the date on which such current account balance exceeds $1 million (or the equivalent in another currency);

(5) commercial paper with a maturity of one year or less issued by a corporation (other than an Affiliate of the Borrower) organized under the laws of an Approved Jurisdiction and rated at least "A-1" by S&P or "P-1" by Moody's;

(6) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the government of an Approved Jurisdiction which obligations mature within one year from the date of acquisition; and

(7) interests in any money market funds at least 95% of the assets of which consist of Cash Equivalents of the type discussed in clauses (1) through (5).

For the avoidance of doubt, an Investment in an investment fund or trust which invests substantially all of its assets in Investments described above in this definition or which is itself rated at least "AAA" or "A-1" by S&P or "Aaa" or "P-1" by Moody's constitutes a Cash Equivalent. For the purposes of this definition of "Cash Equivalents," "Approved Jurisdiction" means the United States of America, Switzerland, Russia, Norway and any member nation of the European Union as presently constituted.

"*Change of Control*" means such time as:

(1) any voluntary sale, transfer or other conveyance shall occur, whether direct or indirect, of all or substantially all of the assets of the Borrower, on a consolidated basis, except for the sale of any assets that are used solely to operate a network pursuant to one or more telecommunications licenses following the involuntary loss of any such telecommunications licenses, in one transaction or a series of related transactions, if, immediately after giving effect to such transaction, any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, whether or not applicable), other than an Excluded Person or Excluded Group, is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 promulgated pursuant to the Exchange Act), directly or indirectly, of more than 35% of the equity of the transferee;

(2) any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, whether or not applicable), other than an Excluded Person or Excluded Group, is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 promulgated pursuant to the Exchange Act), directly or indirectly, of more than 35% of the equity of the Borrower then outstanding normally entitled to vote in election of directors; or

(3) during any period of 12 consecutive months after the date hereof, individuals who at the beginning of any such 12-month period constituted the Board of Directors of the Borrower (together with any new directors whose nomination for election by the shareholders of the Borrower was approved by any Excluded Person or Excluded Group) cease for any reason to constitute one-third of the Board of Directors of the Borrower then in office.

"*Change of Control Payment Date*" means the date specified as such in the notice from the Borrower to the Lender pursuant to Clause 7.3(b).

"*Change of Law*" means any of the enactment or introduction of any new law, the variation, amendment or repeal of an existing or new law, and any ruling on or interpretation or application by a competent authority of any existing or new law which, in each case, occurs after the date hereof and for this purpose the word "law" means all or any of the following whether in existence at the date hereof or introduced hereafter and with which it is obligatory or customary for banks or other financial institutions or, as the case may be, companies in the relevant jurisdiction to comply:

(i) any statute, treaty, order, decree, instruction, letter, directive, instrument, regulation, ordinance or similar legislative or executive action by any national or international or local government or authority or by any ministry or department thereof and other agencies of state power and administration (including, but not limited to, taxation departments and authorities);

(ii) any letter, regulation, decree, instruction, request, notice, guideline, directive, statement of policy or practice statement given by, or required of, any central bank or other monetary authority, or by or of any Taxing Authority or fiscal or other authority or agency (whether or not having the force of law); and

the decision or ruling on, the interpretation or application of, or a change in the interpretation or application of, any of the foregoing by any court of law, tribunal, central bank, monetary authority or agency or any Taxing Authority or fiscal or other competent authority or agency.

"*Commission*" means the U.S. Securities and Exchange Commission.

"*Consolidated Adjusted EBITDA*" means, for any period, the sum of the amounts for such period of:

(1) Adjusted Consolidated Net Income;

(2) Consolidated Interest Expense to the extent such amount was deducted in calculating Adjusted Consolidated Net Income;

(3) income taxes, to the extent such amount was deducted in calculating Adjusted Consolidated Net Income (other than income taxes (either positive or negative) attributable to extraordinary and non-recurring gains or losses or gains or losses on sales of assets to the extent such gains or losses were excluded from Adjusted Consolidated Net Income on an after-tax basis);

(4) depreciation expense, to the extent such amount was deducted in calculating Adjusted Consolidated Net Income;

(5) amortization expense, to the extent such amount was deducted in calculating Adjusted Consolidated Net Income; and

(6) all other non-cash items reducing Adjusted Consolidated Net Income (other than items that will require cash payments and for which an accrual or reserve is, or is required by GAAP to be, made), less all non-cash items increasing Adjusted Consolidated Net Income, all as determined on a consolidated basis for the Borrower and its Restricted Subsidiaries in conformity with GAAP;

reduced by the net sum of the following: (A) gains or losses on the trading of securities, (B) gains or losses on foreign currency exchanges, (C) other gains or losses not included in the calculation of operating income and (D) all other cash or non-cash items not included in the calculation of operating income, in the case of each clause (A) through (D) as determined on a consolidated basis for the Borrower and its Restricted Subsidiaries in conformity with GAAP and to the extent such net amounts were included in calculating Adjusted Consolidated Net Income; provided that, if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated Adjusted EBITDA shall be reduced (to the extent not otherwise reduced in accordance with the above-mentioned items of this definition) by an amount equal to:

(A) the amount of the Adjusted Consolidated Net Income attributable to such Restricted Subsidiary multiplied by

(B) the quotient of:

(i) the number of shares of outstanding Capital Stock of such Restricted Subsidiary not owned on the last day of such period by the Borrower or any of its Restricted Subsidiaries divided by;

(ii) the total number of shares of outstanding Capital Stock of such Restricted Subsidiary on the last day of such period;

provided that, references to "Capital Stock" in this clause (B) shall exclude Preferred Stock of a Restricted Subsidiary as long as (i) the annual dividend payable on all of the excluded Preferred Stock in the aggregate shall not exceed an amount equal to $1,000 (or the equivalent in another currency), (ii) the liquidation value of all of the excluded Preferred Stock in the aggregate shall not exceed an amount equal to $1,000 (or the equivalent in another currency) and (iii) except where this definition is being applied with respect to VimpelCom-Region, the excluded Preferred Stock is not convertible into common stock;

provided, further, that if the amount so calculated (based upon the entire definition set forth above) is a negative number, Consolidated Adjusted EBITDA shall be increased (to the extent not otherwise increased in accordance with the above-mentioned items in this definition) by such amount.

"*Consolidated Interest Expense*" means, for any period, the aggregate amount of interest in respect of Indebtedness (including, without limitation, amortization of original issue discount on any Indebtedness and the interest portion of any deferred payment obligation, calculated in accordance with the effective interest method of accounting; all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, the net costs associated with Interest Rate Agreements and Currency Agreements; and interest on Indebtedness that is Guaranteed or secured by the Borrower or any of its Restricted Subsidiaries) and all but the principal component of rentals in respect of Capitalised Lease Obligations paid or accrued (without duplication) by the Borrower and its Restricted Subsidiaries during such period determined in accordance with GAAP.

"*Consolidated Leverage Ratio*" means, on any Transaction Date, the ratio of

(1) the aggregate amount of Indebtedness of the Borrower and its Restricted Subsidiaries on a consolidated basis outstanding on such Transaction Date to

(2) the aggregate amount of Consolidated Adjusted EBITDA for the then most recent four fiscal quarters for which financial statements of the Borrower have been filed with the Commission (or, if the Borrower is not subject to the Commission's reporting requirements, such financial statements of the Borrower as would have been filed if the Borrower were subject to the same) pursuant to Clause 14.1(a)(i) or (ii), as the case may be (such four fiscal quarter period being the "Four Quarter Period"); provided that:

(A) if the Borrower or any of its Restricted Subsidiaries:

(i) has Incurred any Indebtedness since the beginning of the Four Quarter Period through the Transaction Date (the "Reference Period") that remains outstanding on the Transaction Date or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is an Incurrence of Indebtedness, or both, Consolidated Adjusted EBITDA for such Reference Period will be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such Reference Period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the Transaction Date will be computed based on (a) the average daily balance of such Indebtedness during such Reference Period or such shorter period for which such facility was outstanding or (b) if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the Transaction Date) and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such Reference Period; or

(ii) has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of the Reference Period that is no longer outstanding on the Transaction Date or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio involves a discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and the related commitment terminated), Consolidated Adjusted EBITDA for such Reference Period will be calculated after giving effect on a pro forma basis to such discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such discharge had occurred on the first day of the Reference Period;

(B) if since the beginning of the Reference Period the Borrower or any of its Restricted Subsidiaries has made any Asset Disposition or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is an Asset Disposition, Consolidated Adjusted EBITDA for such Reference Period will be reduced by an amount equal to the Consolidated Adjusted EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Disposition for such period or increased by an amount equal to the Consolidated Adjusted EBITDA (if negative) directly attributable thereto for such Reference Period;

(C) if since the beginning of the Reference Period the Borrower or any of its Restricted Subsidiaries (by merger or otherwise) has made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary or is merged with or into the Borrower) or an Asset Acquisition, including any Asset Acquisition occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated Adjusted EBITDA for such Reference Period will be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or Asset Acquisition occurred on the first day of such Reference Period; and

(D) if since the beginning of the Reference Period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Borrower or any of its Restricted Subsidiaries since the beginning of such Reference Period) will have made any Asset Disposition, Investment or Asset Acquisition that would have required an adjustment pursuant to clause (B) or (C) above if made by the Borrower or one of its Restricted Subsidiaries during such Reference Period, Consolidated Adjusted EBITDA for such Reference Period will be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or Asset Acquisition occurred on the first day of such Reference Period.

For purposes of this definition, whenever pro forma effect is to be given to an Investment or Asset Acquisition and the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, or any other calculation under this definition, the pro forma calculations will be determined in good faith by a responsible financial or accounting Officer of the Borrower (including pro forma expense and cost reductions calculated on a basis consistent with Regulation S-X under the Securities Act). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense of such Indebtedness will be calculated as if the rate in effect on the Transaction Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months).

"*Controlled Restricted Subsidiary*" means a Restricted Subsidiary of the Borrower in respect of which the Borrower has the right (by operation of law, contract or charter documents, articles of association or by-laws or equivalent constitutive documents of such Restricted Subsidiary, as a shareholder or through its rights of appointment to the Board of Directors of such Restricted Subsidiary) to veto the following business decisions: (i) the establishment, amendment and implementation of its Budget, (ii) any transaction or series of related transactions not contemplated by its Budget with a value in excess of 5% of the aggregate book value under GAAP of the assets of such Restricted Subsidiary, and (iii) an amendment of its charter, by-laws or other constitutional documents. For the avoidance of doubt (1) the definition of "Controlled Restricted Subsidiary" shall include any Restricted Subsidiaries of the Borrower in which the Borrower owns, directly or indirectly, more than 75% of the Voting Stock and more than 50% of the economic ownership interest, (2) as used in this definition, the term "Restricted Subsidiary" shall only include such Subsidiaries of the Borrower in which the Borrower, directly or indirectly, has more than a 50% economic ownership interest, and (3) at the date of execution of this Agreement and at the date of making the Loan (as set forth in Clause 3 ("*Availability of the Loan*")), this definition of "Controlled Restricted Subsidiary" shall include VimpelCom-Region.

"*Credit Facility*" means one or more credit agreements, loan agreements or similar facilities with banks or other institutional lenders, providing for revolving credit loans, term loans (including receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables)), bankers' acceptances or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time; provided that the lead bank and arranger for such Credit Facility shall be (i) the European Bank for Reconstruction and Development, a similar publicly-funded multilateral financial institution or export agency, or other nationally or internationally recognized commercial lender which may syndicate to, or include as co-lenders, other banks or financial institutions, or (ii) Telenor ASA, Telenor East Invest AS or any of their respective Subsidiaries; provided that any Credit Facility provided or arranged by an entity identified in clause (ii) of this definition shall only be made to the Borrower.

"*Currency Agreement*" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement.

"*Default*" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"*Dispute*" has the meaning set forth in Clause 25.7 (*Arbitration*).

"*Environmental Laws*" has the meaning set forth in Clause 11.9 (*Environmental and Labour Laws*).

"*Event of Default*" has the meaning set forth in Clause 15.1 (*Circumstances which constitute Events of Default*).

"*Excess Proceeds*" has the meaning set forth in Clause 14.9 (*Asset Sales*).

"*Exchange Act*" means the United States Securities Exchange Act of 1934, as amended.

"*Excluded Group*" means a "group" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) that includes one or more Excluded Persons; provided that the voting power of the Capital Stock of the Borrower "beneficially owned" (as such term is used in Rule 13d-3 promulgated under the Exchange Act) by such Excluded Persons (without attribution to such Excluded Persons of the ownership by other members of the "group") represents a majority of the voting power of the Capital Stock "beneficially owned" (as such term is used in Rule 13d-3 promulgated under the Exchange Act) by such group.

"*Excluded Person*" means (1) Telenor ASA, Telenor East Invest AS and any of their respective Affiliates or (2) Eco Telecom Limited and any of its Affiliates; provided that for purposes of this definition, "Affiliates" shall not include the proviso contained in the definition thereof.

"*Fair Market Value*" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors of the Borrower (including a majority of the disinterested directors, if any) whose determination shall be conclusive if evidenced by a resolution of such Board of Directors.

"*GAAP*" means U.S. generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board ("**FASB**") or, if FASB ceases to exist, any successor thereto; provided, however, that for purposes of determining compliance with this Agreement, "GAAP" means such generally accepted accounting principles as in effect on the date hereof.

"*Germany*" means the Federal Republic of Germany and any political sub-division or agency thereof or therein.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guaranteed Indebtedness*" has the meaning set forth in Clause 14.14(a) (*Issuances of Guarantees by Restricted Subsidiaries*).

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"*Incur*" (or any derivative term thereof) means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness, including an Incurrence of Indebtedness by reason of a Person becoming a Restricted Subsidiary; provided that neither the accrual of interest nor the accretion of original issue discount shall be considered an Incurrence of Indebtedness. Solely for purposes of determining compliance with Clause 14.7 (*Incurrence of Indebtedness*), (1) the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms and (2) unrealised losses or charges in respect of Hedging Obligations (including those resulting from FAS 133) will be deemed not to be Incurrences of Indebtedness. A Guarantee otherwise permitted by this Agreement to be Incurred by the Borrower or a Restricted Subsidiary of Indebtedness Incurred in compliance with the terms of this Agreement by the Borrower or a Restricted Subsidiary, as applicable, shall not constitute a separate Incurrence of Indebtedness.

"*Indebtedness*" means, with respect to any Person at any date of determination (without duplication),

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, excluding Trade Payables and accrued current liabilities arising in the ordinary course of business;

(3) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto);

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property, assets or services (including, without limitation, any fees paid in connection with any mobile telecommunications licenses), which purchase price is due more than six months after the earlier of the date of placing such property in service or taking delivery and title thereto or the completion of such services, except Trade Payables or other accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith;

(5) all Capitalized Lease Obligations of such Person;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of:

(A) the Fair Market Value of such asset at such date of determination; and

(B) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(8) to the extent not otherwise included in this definition, net obligations under Currency Agreements and Interest Rate Agreements; and

(9) the maximum redemption amount of any Redeemable Stock or the maximum redemption amount or principal amount of any security which any Redeemable Stock is convertible or exchangeable into in accordance with clause (3) of the definition of Redeemable Stock.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations as described above, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided:

(A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(B) that Indebtedness shall not include any liability for federal, state, local or other Taxes; and

(C) that Indebtedness shall not include obligations of any Persons (x) arising from the honoring by a bank or other financial institution of a check, 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, (y) resulting from the endorsement of negotiable instruments for collection in the ordinary course of business and consistent with past business practices and (z) under stand-by letters of credit or guarantees to the extent collateralized by cash or Cash Equivalents.

"*Interest Payment Date*" means April 26 and October 26 of each year in which the Loan remains outstanding, being the last day of the corresponding Interest Period, commencing on October 26, 2002, and the last such date being the Repayment Date.

"*Interest Period*" means, except as otherwise provided herein, any of those periods mentioned in Clause 4 (*Interest Periods*);

"*Interest Rate*" means, except as otherwise provided herein, the interest rate specified in Clause 5.2 (*Calculation of Interest*);

"*Interest Rate Agreement*" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement.

"*Investment*" in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of Guarantee or similar arrangement; but excluding (i) advances to customers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable on the balance sheet of the Borrower or any Restricted Subsidiary, and (ii) advances to suppliers (including advances to suppliers of equipment) and advance payments of federal, state, local or other Taxes and customs duties in the ordinary course of business that are, in conformity with GAAP, recorded as prepayments or other non current assets on the balance sheet of the Borrower or any Restricted Subsidiary) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person and shall include:

(1) the designation of a Restricted Subsidiary as an Unrestricted Subsidiary; and

(2) the Fair Market Value of the Capital Stock (or any other Investment), held by the Borrower or any of its Restricted Subsidiaries, of (or in) any Person that has ceased to be a Restricted Subsidiary, including, without limitation, by reason of any transaction permitted by Clause 14.13 (*Issuance and Sale of Capital Stock of Restricted Subsidiaries*);

provided that "Investment" shall not include:

(1) endorsements of negotiable instruments and documents in the ordinary course of business; or

(2) an acquisition of Capital Stock or other securities by the Borrower for consideration consisting exclusively of Capital Stock (other than Redeemable Stock) of the Borrower.

For purposes of the definition of "Unrestricted Subsidiary" and Clause 14.8 (*Restricted Payments*),

(1) "Investment" shall include the portion of (proportionate to the Borrower's direct or indirect equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) the Fair Market Value of the assets (net of liabilities (other than liabilities to the Borrower or any Restricted Subsidiary)) of any Restricted Subsidiary of the Borrower at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary;

(2) the Fair Market Value of the assets (net of liabilities (other than liabilities to the Borrower or its Subsidiaries)) of any Unrestricted Subsidiary at the time that such Unrestricted Subsidiary is designated a Restricted Subsidiary shall be considered a reduction in outstanding Investments; and

(3) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer.

"*KB Impuls*" means Open Joint Stock Company "KB Impuls".

"*KB Impuls License*" means the license to operate a network based on the Global System for Mobile Communications standard in the City of Moscow and the Moscow Region (*Oblast*) owned by KB Impuls on the date hereof and any license that replaces or succeeds to such license.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any Affiliate of the seller, or any agreement to give any security interest).

"*Loan*" means the $250,000,000 term loan granted to the Borrower by the Lender in this Agreement.

"*Material Adverse Effect*" has the meaning set forth in Clause 11.1 (*Due Organisation*).

"*Material Mobile License*" means any one or more mobile telecommunications licenses required for the provision of mobile telecommunications services, including mobile Internet and e-commerce services, which individually or in the aggregate account for at least 65% of the Borrower's revenues on a consolidated basis during the 12 months ended at the latest reported calendar quarter.

"*Net Cash Proceeds*" means,

(1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Cash Equivalents (except to the extent such obligations are financed or sold with recourse to the Borrower or any Restricted Subsidiary) and proceeds from the conversion of other property received when converted to cash or Cash Equivalents, net of:

(2) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

(3) provisions for all Taxes (whether or not such Taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Borrower and its Restricted Subsidiaries, taken as a whole;

(4) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either:

(i) is secured by a Lien on the property or assets sold, or

(ii) is required to be paid as a result of such sale; and

appropriate amounts to be provided by the Borrower or any of its Restricted Subsidiaries as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP;

(5) with respect to any issuance or sale of Capital Stock or any options, warrants or other rights to acquire Capital Stock or Indebtedness exchangeable or convertible into Capital Stock, the proceeds of such issuance or sale in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Cash Equivalents (except to the extent such obligations are financed or sold with recourse to the Borrower or any Restricted Subsidiary) and proceeds from the conversion of other property received when converted to cash or Cash Equivalents, net of attorney's fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result thereof.

"*N.Teks*" has the meaning set forth in Clause 11.1 (*Due Organisation*).

"*Officer*" means, with respect to a Person, the Chairman of the Board of Directors, the General Director, the Chief Executive Officer, the President, the Chief Financial Officer, the Controller, the Treasurer or the General Counsel of such Person.

"*Officers' Certificate*" means a certificate signed by two Officers of the Borrower.

"*Opinion of Counsel*" means a written opinion from legal counsel who is reasonably acceptable to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements). The counsel may be an employee of or counsel to the Borrower or the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements).

"*permits*" has the meaning set forth in Clause 11.11 (*Permits and Licences*).

"*Permitted Business*" means the business in which the Borrower or its Subsidiaries are engaged, directly or indirectly, that consists primarily of, or is related to, operating, acquiring, designing, developing, installing, integrating, managing, providing and contracting any telecommunications systems and/or services, Internet and e-commerce services (including content packaging and delivery, broadband data transmission, digital television and related, ancillary or complementary businesses) and activities, including, without limitation, any business in which the Borrower or any of its Subsidiaries is engaged on the date hereof.

"*Permitted Investment*" means:

(1) an Investment in the Borrower or a Controlled Restricted Subsidiary or a Person which will, upon the making of such Investment, become a Controlled Restricted Subsidiary or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Borrower or a Controlled Restricted Subsidiary; provided that such Person's primary business is a Permitted Business on the date of such Investment;

(2) cash or Cash Equivalents;

(3) commission, payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to and held by the Borrower or any Restricted Subsidiary of the Borrower or in satisfaction of judgments or pursuant to a reorganisation, recapitalization, workout or bankruptcy of or arising as a result of a foreclosure of a debtor;

(5) Investments made as a result of the receipt of non-cash consideration from any Asset Sale made in compliance with Clause 14.9 (*Asset Sales*);

(6) Capital Stock of the Borrower purchased by VC ESOP N.V. to handle cashless exercises of options, warrants or other rights to acquire such shares of Capital Stock as part of any stock option or similar program established for employees of the Borrower;

(7) loans and advances to officers or employees of the Borrower or a Restricted Subsidiary that do not exceed in the aggregate $1 million at any one time outstanding; and

(8) Currency Agreements and Interest Rate Agreements designed solely to protect the Borrower or its Restricted Subsidiaries against fluctuations in interest rates or foreign currency exchange rates.

"*Permitted Joint Venture*" means any joint venture between the Borrower or any Restricted Subsidiary and any Person other than a Subsidiary, engaged in the Permitted Business as determined in good faith by the Board of Directors of the Borrower (whose determination shall be conclusive if evidenced by a Board resolution); provided that prior to making any Investment in any such Person, the Board of Directors shall have determined that such Investment fits the Borrower's strategic plan and is on terms that are fair and reasonable to the Borrower.

"*Permitted Liens*" means:

(1) Liens securing the Loan;

(2) Liens granted by a Restricted Subsidiary in favour of the Borrower or another Restricted Subsidiary as to which such Restricted Subsidiary is a Subsidiary, with respect to the property or assets, or any income or profits therefrom, of such Restricted Subsidiary;

(3) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, material men, repairmen or other similar Liens arising in the ordinary course of business;

(4) any Lien existing on the date of this Agreement;

(5) any Lien on any property or assets of any Person or on any property or assets of the Restricted Subsidiaries of such Person existing at the time such Person is merged or consolidated with or into the Borrower or any of its Restricted Subsidiaries or becomes a subsidiary of the Borrower and not created in contemplation of such event; provided that no such Lien shall extend to any other property or assets of such Person or to any other property or assets of the Restricted Subsidiaries of such Person, the Borrower or any of its Restricted Subsidiaries;

(6) any Lien existing on any property or assets prior to the acquisition thereof by the Borrower or any of its Restricted Subsidiaries and not created in contemplation of such acquisition; provided that no such Lien shall extend to any other property or assets or any property or assets of the Borrower or any of its Restricted Subsidiaries;

(7) any Lien on any property or assets securing Indebtedness of the Borrower or any of its Restricted Subsidiaries Incurred or assumed for the purpose of financing all or part of the cost of acquiring, repairing or refurbishing such property or assets; provided, that (i) such Lien is created solely for the purpose of securing Indebtedness Incurred by such Restricted Subsidiary in compliance with Clause 14.7 (*Incurrence of Indebtedness*) and Clause 14.14 (*Issuances of Guarantees by Restricted Subsidiaries*), (ii) no such Lien shall extend to any other property or assets of the Borrower or any of its Restricted Subsidiaries other than the assets affixed thereto, and proceeds thereof, (iii) the aggregate principal amount of all Indebtedness secured by Liens under this clause (7) on such property or assets does not exceed the purchase price of such property or assets and (iv) such Lien attaches to such property or assets concurrently with the repair or refurbishing thereof or within 90 days after the acquisition thereof, as the case may be;

(8) easements, rights-of-way, restrictions and any other similar charges or encumbrances incurred in the ordinary course of business and not interfering in any material respect with the business of the Borrower or any of its Restricted Subsidiaries;

(9) Liens securing Hedging Obligations so long as the related Indebtedness is permitted to be Incurred under this Agreement and any such Hedging Obligation is not speculative;

(10) extension, renewal or replacement of any Lien described in clauses 1 through 9 above; provided that (i) such extension, renewal or replacement shall be no more restrictive in any material respect than the original Lien, (ii) the amount of Indebtedness secured by such Lien is not increased and (iii) if the property or assets securing the Indebtedness subject to such Lien are changed in connection with such refinancing, extension or replacement, the Fair Market Value of such property or assets is not increased;

(11) any Lien on the property or assets of the Borrower or any Restricted Subsidiaries of the Borrower securing Indebtedness of the Borrower or such Restricted Subsidiaries Incurred under one or more Credit Facilities in an aggregate principal amount outstanding at any one time not to exceed $200 million (or the equivalent in another currency), less the aggregate amount of all permanent reduction of Indebtedness (and a permanent reduction of the related commitments to lend or amount to be reborrowed in the case of a revolving credit facility) under such Credit Facilities by the Borrower or any of its Restricted Subsidiaries pursuant to Clause 14.9(b)(i)(1);

(12) any pledge of Capital Stock of the Borrower in favor of a Restricted Subsidiary in connection with the direct or indirect issuance by the Borrower of securities convertible into or exchangeable for Capital Stock of the Borrower;

(13) any additional Lien; provided that immediately after giving effect to such Lien, all the secured Indebtedness in the aggregate secured by such additional Liens under this clause 13 does not exceed 2% of the Borrower's total consolidated assets as of the end of the most recently completed fiscal quarter;

(14) pledges or deposits by such Person in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party or to secure public or statutory obligations of such Person or deposits or cash or Russian government bonds to secure bid, surety or appeal bonds to which such Person is a party, or for contested taxes or import or custom duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(15) Liens imposed by law, and Liens in favor of customs authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods, in each case for sums not yet due or being contested in good faith by appropriate proceedings, if a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(16) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings provided reserves required pursuant to GAAP have been taken on the books of the Borrower or its Restricted Subsidiaries;

(17) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired; and

(18) Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution; provided that (x) such deposit account is not a pledged cash collateral account and (y) such deposit account is not intended by the Borrower or the Restricted Subsidiary to provide collateral to the depository institution;

provided, that no Lien on the property, income or assets of the Borrower shall be a "Permitted Lien" other than a Lien arising by operation of law.

"*Person*" means any individual, corporation, partnership, joint venture, trust unincorporated organization or government or any Agency or political subdivision thereof.

"*Preferred Stock*" means, with respect to any Person any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's preferred or preference equity, whether now outstanding or issued after the closing date, including, without limitation, all series and classes of such preferred stock or preference stock.

"*Proceedings*" has the meaning set forth in Clause 25.2 (*English Courts*).

"*Qualified Consideration*" is defined to mean (1) Cash Equivalents, (2) Replacement Assets, (3) any securities or other obligations that are converted into or exchanged for cash or Cash Equivalents within 60 days after an Asset Sale or (4) the assumption of (a) any Indebtedness of the Borrower by the purchaser of Assets pursuant to Clause 14.9(a) (*Asset Sales*) which ranks pari passu in right of payment to the Loan and (b) any Indebtedness of a Restricted Subsidiary.

"*Qualifying Jurisdiction*" means any jurisdiction which has a double taxation treaty with Russia under which the payment of interest by Russian borrowers to lenders in the jurisdiction in which a lender is incorporated is generally able to be made without deduction or withholding of Russian income tax (upon completion of any necessary formalities required in relation thereto).

"*Rating Agencies*" means Moody's Investors Service Limited ("**Moody's**") or any successor to its rating agency business and Standard & Poor's Ratings Services, a division of McGraw-Hill Companies, Inc. ("**S&P**") or any successor to its rating agency business;

"*Rating Categories*" means (1) with respect to S&P, any of the following categories (any of which may include a "+" or "-"): AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories); (2) with respect to Moody's, any of the following categories (any of which may include a "1," "2" or "3"): Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories), and (3) the equivalent of any such categories of S&P or Moody's used by another rating agency, if applicable;

"*Rating Decline*" means that at any time within 90 days (which period shall be extended so long as the rating of the Loan or of any instruments issued to the agreed funding source is under publicly announced consideration for possible downgrade by any Rating Agency) after the date of public notice of any transaction or series of transactions subject to Clause 14.15 (*Merger, Consolidation and Sale of Assets*) hereof, or of the intention of the Borrower or of any Person to effect such a transaction or series of transactions, the rating of the Loan or of any instruments issued to the agreed funding source is decreased by both Rating Agencies by one or more Rating Categories;

"*Redeemable Stock*" means any class or series of Capital Stock of any Person that by its terms or otherwise is:

(1) required to be redeemed prior to the Stated Maturity of the Loan;

(2) redeemable at the option of the holder (other than in connection with a "Reorganization" or a "Major Transaction" as such terms are defined in Article 15 and Article 78, respectively, of the Federal Law on Joint Stock Companies of the Russian Federation, as such law may be amended, supplemented or modified from time to time or any successor statute or statutes thereof) of such class or series of Capital Stock at any time prior to the Stated Maturity of the Loan; or

(3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Loan;

provided that any Capital Stock that would not constitute Redeemable Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an Asset Sale or Change of Control occurring prior to the Stated Maturity of the Loan shall not constitute Redeemable Stock if the Asset Sale or Change of Control provisions applicable to such Capital Stock are no more favourable in any material respect to the holders of such Capital Stock than the provisions of Clauses 14.9 (*Asset Sales)* and 14.12 (*Change of Control*) and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Borrower's repurchase of such Loan as are required to be repurchased pursuant to Clauses 14.8(a)(iii) and 14.8(b)(ii).

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, renew or repay (including pursuant to any defeasance or discharge mechanism) (collectively, "refinance", "refinances", and "refinanced" shall have a correlative meaning) any Indebtedness (1) existing on the date hereof, (2) that refinances the Loan and Subsidiary Guarantees pursuant to Clause 14.14 (*Issuances of Guarantees by Restricted Subsidiaries*) or (3) that refinances Refinancing Indebtedness; provided that (x) any such Refinancing Indebtedness complies with Clause 14.11 (b)(vi) hereof and (y) any refinancing of Subordinated Indebtedness complies with Clause 14.8 (*Restricted Payments*).

"*Related Person*" of any Person means any other Person directly or indirectly owning:

(1) 5% or more of the outstanding Capital Stock of such Person (or, in the case of a Person that is not a corporation, 5% or more of the equity interest in such Person); or

(2) 5% or more of the combined voting power of the Voting Stock of such Person.

"*Replacement Assets*" means any property (including Capital Stock) plant or equipment of a nature or a type that are used or usable in a Permitted Business.

"*Repayment Date*" means the third anniversary of the date, referred to in Clause 3 (*Availability of the Loan*), on which the Loan is made hereunder, or if such day is not a Business Day, the next succeeding Business Day.

"*Restricted Payments*" has the meaning set forth in Clause 14.8(a)(iv) (*Restricted Payments*).

"*Restricted Subsidiary*" means any Subsidiary of the Borrower other than an Unrestricted Subsidiary.

"*Rules*" has the meaning set forth in Clause 25.7 (*Arbitration*).

"*Russia*" shall mean the Russian Federation and any province or political subdivision or Agency thereof or therein, and "*Russian*" shall be construed accordingly.

"*Securities Act*" means the United States Securities Act of 1933, as amended.

"*Services Agreement*" means General Agreement - Contract No. 1605, dated 16 May 1997 (redaction of 1 September 1998) between KB Impuls and Open Joint Stock Company "Vimpel-Communications" (as amended most recently by Amendment No. 9 dated 30 June 2000).

"*Side Letter*" means the letter, dated the date hereto, from the Borrower to the Lender.

"*Significant Subsidiary*" means

(1) at the date of execution of this Agreement and at the date of the making of the Loan (as set forth in Clause 3 (*Availability of the Loan*)), KB Impuls, Closed Joint Stock Company Impuls KB, Closed Joint Stock Company RTI Service Svyaz, Closed Joint Stock Company Sotovaya Kompanya, VimpelCom Finance B.V., VimpelCom B.V., Closed Joint Stock Company MSS-Start and VimpelCom-Region,

(2) at any date of determination, any Subsidiary of the Borrower that holds or has the right, title or interest to or in any telecommunications license which license is responsible for generating more than 10% of the consolidated revenues of the Borrower and its Restricted Subsidiaries, and

(3) at any date of determination, any Restricted Subsidiary that, together with its Subsidiaries,

  (A) for the most recent fiscal year of the Borrower, accounted for more than 10% of the consolidated revenues of the Borrower and its Restricted Subsidiaries; or

  (B) as of the end of such fiscal year, was the owner of more than 10% of the consolidated assets of the Borrower and its Restricted Subsidiaries, all as set forth on the most recently available consolidated financial statements of the Borrower for such fiscal year.

"*Stated Maturity*" means:

(1) with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final installment of principal of such Indebtedness is due and payable; and

(2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified in such Indebtedness as the fixed date on which such installment is due and payable.

"*Subordinated Indebtedness*" means any Indebtedness of the Borrower (whether outstanding on the date hereof or thereafter Incurred) which is expressly subordinate in right of repayment to the Loan pursuant to a written agreement.

"*Subsidiary*" means, with respect to any Person, (i) a corporation more than 50% of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such Person, by such Person and one or more Subsidiaries of such Person or by one or more Subsidiaries of such Person, or (ii) a partnership in which such Person or a Subsidiary of such Person is, at the time, a general partner of such partnership, or (iii) any other Person in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has (x) over a 50% ownership interest or (y) the power to elect or direct the election of a majority of the directors, members of the board of directors or other governing body of such Person; provided that for the avoidance of doubt, at the date of execution of this Agreement and at the date of the advance of the Loan (as set forth in Clause 3), with respect to the Borrower, "Subsidiary" shall include VimpelCom-Region, and KB Impuls.

"*Subsidiary Guarantee*" has the meaning set forth in Clause 14.14 (*Issuances of Guarantees by Restricted Subsidiaries*).

"*Surviving Entity*" has the meaning set forth in Clause 14.15(a).

"*Taxes"* has the meaning set out in Clause 8.1 (*Additional Amounts*).

"*Tax Indemnity Amounts"* has the meaning set out in Clause 8.3 (*Tax Indemnity*).

"*Taxing Authority"* has the meaning set out in Clause 8.1 (*Additional Amounts*).

"*Trade Payables"* means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or Guaranteed by any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"*Transaction Date"* means, with respect to the Incurrence of any Indebtedness by the Borrower or any of its Restricted Subsidiaries, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"*unpaid sum*" has the meaning set forth in Clause 16.1 (*Default Interest Periods*).

"*Unrestricted Subsidiary*" means:

(1) from the date of execution of this Agreement until such time as the Borrower determines that such Subsidiary shall be designated a Restricted Subsidiary in the manner provided below, each of the Subsidiaries of the Borrower identified on Schedule I to this Agreement;

(2) any Subsidiary of the Borrower that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below; and

(3) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Restricted Subsidiary (including any newly acquired or newly formed Subsidiary of the Borrower) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, the Borrower or any Restricted Subsidiary; provided that such designation would be permitted under Clause 14.8 (*Restricted Payments*).

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that:

(1) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such designation; and

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately after such designation would, if incurred at such time, have been permitted to be incurred for all purposes of this Agreement.

Any such designation by the Board of Directors shall be evidenced to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) by filing with the Lender a copy of the resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"*Variant-Inform*" has the meaning set forth in Clause 11.1 (*Due Organisation*).

"*VimpelCom Primary Agreement*" means the Primary Agreement, dated as of May 30, 2001, between and among Telenor East Invest AS and Eco Telecom Limited, as the purchasers, and the Borrower, as the issuer, as in effect on the date hereof.

"*VimpelCom-Region*" means Open Joint Stock Company "VimpelCom-Region".

"*VimpelCom-Region Primary Agreement*" means the Primary Agreement, dated May 30, 2001, between VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and the Borrower, as the purchasers, and VimpelCom-Region, as the issuer, as amended through, and in effect on, the date hereof and as may be amended in accordance with the description contained in the notice sent to the shareholders of the Borrower in connection with the 2002 annual general meeting of shareholders.

"*VimpelCom-Region Shareholders' Agreement*" means the Shareholders' Agreement, dated as of May 30, 2001, among the Borrower, Eco Telecom Limited and Telenor East Invest AS, as the shareholders, and VimpelCom-Region, as the company, as amended through, and in effect on, the date hereof and as may be amended in accordance with the description contained in the notice sent to the shareholders of the Borrower in connection with the 2002 annual general meeting of shareholders.

"*Voting Stock*" means with respect to any Person, any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, management board, managers or trustees of such Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"*Wholly Owned*" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

Other Definitions

the "*Lender*" shall be construed so as to include its and any subsequent successors, assignees and chargees in accordance with their respective interests;

"*agreed funding source*" shall mean any person to whom the Lender owes any Indebtedness (including securities), which Indebtedness was incurred solely and expressly to fund the Loan (including a designated representative of such person);

the "*equivalent*" on any given date in one currency (the "first currency") of an amount denominated in another currency (the "second currency") is a reference to the amount of the first currency which could be purchased with the amount of the second currency at the spot rate of exchange quoted on the relevant Reuters page or, where the first currency is (i) roubles and the second currency is (ii) U.S. Dollars, or as the case may be euros (or vice versa), by the Central Bank of Russia, at or about noon (London time or Brussels time (as applicable) or, as the case may be, Moscow time) on such date for the purchase of the first currency with the second currency;

"*repay*" (or any derivative form thereof) shall, subject to any contrary indication, be construed to include "prepay" (or, as the case may be, the corresponding derivative form thereof); and

"*VAT*" shall be construed as a reference to value added tax including any similar tax which may be imposed in place thereof from time to time.

1.2 Interpretation

Unless the context otherwise requires,

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP consistently applied;

(c) "or" is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) provisions apply to successive events and transactions;

(f) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the Commission from time to time; and

(g) references to "$" or "U.S. dollars" are to United States dollars and references to "Roubles" are to Russian roubles.

1.3 Statutes

Any reference in this Agreement to a statute shall be construed as a reference to such statute as the same may have been, or may from time to time be, amended or re-enacted.

1.4 Headings

Clause and Schedule headings are for ease of reference only.

1.5 Amended Documents

Except where the contrary is indicated, any reference in this Agreement to this Agreement, the Arrangement Fee Letter or any other agreement or document shall be construed as a reference to this Agreement, the Arrangement Fee Letter or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented.

2. THE LOAN

The Lender grants to the Borrower, upon the terms and subject to the conditions hereof, a single disbursement term loan facility in the amount of $250,000,000, funded by the agreed funding source.

3. AVAILABILITY OF THE LOAN

The Loan will be available by way of a single advance which will be made by the Lender to the Borrower, and the Borrower will draw down the Loan, on April 26, 2002, or such later date as may otherwise be agreed by the parties to this Agreement, if:

(1) the Lender has not, prior to April 26, 2002, or such later date as may otherwise be agreed by the parties to this Agreement, notified the Borrower that it has not received the condition precedent documents as listed in the agreements entered into in connection with the agreed funding source in form and substance satisfactory to the Lender;

(2) the Lender has received funding of the Loan from the agreed funding source; and

(3) no event has occurred or circumstance arisen which would, whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement, constitute an event described under Clause 15 (*Events of Default*) and the representations set out in Clause 11 (*Representations and Warranties of the Borrower*) are true and accurate in all material respects on and as of the proposed date for the making of such Loan.

4. INTEREST PERIODS

The period for which the Loan is outstanding shall be divided into successive semi-annual periods, ending on and excluding April 26 and October 26, each of which, other than the first (which shall commence on, and shall include, April 26, 2002) shall start on, and shall include, the last day of the preceding such period (each, an "**Interest Period**").

5. PAYMENT AND CALCULATION OF INTEREST

5.1 Payment of Interest

Not later than noon (London time) one Business Day prior to each Interest Payment Date the Borrower shall pay all accrued and unpaid interest, any Additional Amounts, and any Tax Indemnity Amounts, calculated to the last day of each Interest Period, on the outstanding principal amount of the Loan to the Account.

5.2 Calculation of Interest

The amount of interest payable for any Interest Period shall be calculated by applying the rate of 10.45% per annum (the "**Interest Rate**") to the amount of the Loan, dividing the product by two, and rounding the resulting figure to the nearest cent, half a cent being rounded upwards. When interest is required to be calculated for any other period, it shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the actual number of days elapsed.

6. REPAYMENT

Subject to Clause 15.2 (*Rights of Lender upon occurrence of an Event of Default*), not later than noon (London time) one Business Day prior to the Repayment Date, the Borrower shall repay in full the outstanding principal amount of the Loan and, to the extent not already paid in accordance with Clause 5.1 (*Payment of Interest*), all accrued and unpaid interest, any Additional Amounts, and any Tax Indemnity Amounts, calculated to the last day of the last Interest Period.

7. PREPAYMENT

7.1 Prepayment for Tax Reasons

If, as a result of the application of or any amendment to or change (including a change in interpretation or application) in the double taxation treaty between Russia and Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) or the laws or regulations of Russia or Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) or of any political sub-division thereof or any Agency therein, the Borrower would thereby be required to pay any Additional Amounts in respect of Taxes pursuant to Clause 8.1 (*Additional Amounts*), or make any Tax Indemnity Amounts pursuant to Clause 8.3 (*Tax Indemnity*), then the Borrower may (without premium or penalty), upon not less than 30 calendar days' written notice to the Lender (and, following the execution of the agreements entered into in connection with the agreed funding source, to the party designated by such agreements) including an Officers' Certificate of the Borrower, to the effect that the Borrower would be required to pay such Additional Amounts or Tax Indemnity Amounts, which notice shall be irrevocable, prepay the Loan in whole (but not in part) at any time together with all accrued and unpaid interest, any Additional Amounts and any Tax Indemnity Amounts; provided, however, that no such notice shall be given earlier than 90 calendar days prior to the earliest date on which the Borrower would be obligated to pay such Additional Amounts or Tax Indemnity Amounts, as the case may be.

7.2 Prepayment for Reasons of Increased Costs

The Borrower may, if it is required to make any payment by way of indemnity under Clause 10.1 (*Increased Costs*), subject to giving to the Lender not less than 30 calendar days' prior written notice to that effect, prepay the whole, but not part only, of the amount of the Loan, together with any amounts then payable under Clause 10.1 (*Increased Costs*) and accrued and unpaid interest, any Additional Amounts and Tax Indemnity Amounts, if any.

7.3 Prepayment in the event of a Change of Control

(a) In the event of a Change of Control, the Borrower shall be required to prepay the Loan on the Change of Control Payment Date to the extent and in the amount that the Lender is required to pay the agreed funding source as a result thereof as set forth in a written notice by the Lender to the Borrower, including computation of such amount, given at least two Business Days prior to the Change of Control Payment Date.

(b) Promptly, and in any event within 10 calendar days after the date of any Change of Control, the Borrower shall deliver to the Lender (and, following the execution of the agreements entered into in connection with the agreed funding source, to the party designated by such agreements) a written notice in the form of an Officers' Certificate, which notice shall be irrevocable (but may, in respect of subclause (iii), be amended), stating:

(i) that a Change of Control has occurred;

(ii) the Change of Control Payment Date, which date shall be a Business Day occurring 60 calendar days from the date such notice is delivered; and

(iii) the circumstances and relevant facts giving rise to such Change of Control, including, to the extent available, information with respect to pro forma historical income, cash flow and capitalization, each after giving effect to such Change of Control and events causing such Change of Control, and the date upon which such Change of Control is deemed to have occurred.

(c) On the Business Day prior to the Change of Control Payment Date, the Borrower shall deposit in the Account an amount in cash equal to the amount that the Lender is required to pay to the agreed funding source as a result of such Change of Control as set forth in writing by the Lender to the Borrower, to be held for payment in accordance with this Agreement and the agreements entered into in connection with the agreed funding source. To the extent that the amount actually required to be paid on the Change of Control Payment Date is less than the amount so paid by the Borrower, the excess, if any, thereon will be refunded to the Borrower from the Account for or on behalf of the Lender on the Business Day following the Change of Control Payment Date.

7.4 Prepayment in the event of Asset Sales

(a) In the event of any Asset Sale that requires the Borrower to apply the Excess Proceeds therefrom in accordance with Clause 14.9(c) hereof, the Borrower shall be required to prepay the Loan on the Asset Sale Payment Date to the extent and in the amount that the Lender is required to pay the agreed funding source as a result thereof as set forth in a written notice by the Lender to the Borrower, including computation of such amount, given at least two Business Days prior to the Asset Sale Payment Date.

(b) Promptly, and in any event within 10 calendar days after the first day of any calendar month in which Excess Proceeds exceed $10 million (or the equivalent in another currency), the Borrower shall deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) a written notice in the form of an Officers' Certificate, which notice shall be irrevocable, stating:

(i) that it is obligated to prepay the Loan to the extent contemplated by Clause 7.4(a) hereof;

(ii) the Asset Sale Payment Date, which date shall be a Business Day occurring 60 calendar days from the date such notice is delivered, and the Excess Proceeds available for such prepayment (representing the amount available for payments in respect of the asset sale offer to be made by the Lender pursuant to the agreements entered into in connection with the agreed funding source);

(iii) the circumstances and relevant facts giving rise to the obligation to so prepay the Loan; and

(iv) that the Excess Proceeds from the Asset Sales will be applied pursuant to Clause 14.9(c) hereof.

(c) One Business Day prior to the Asset Sale Payment Date, the Borrower shall deposit in the Account an amount in cash equal to the amount that the Lender is required to pay to the agreed funding source as a result of any Asset Sale that requires the Borrower to apply the Excess Proceeds therefrom in accordance with Clause 14.9(c) hereof as set forth in writing by the Lender to the Borrower (it being understood that, pursuant to the agreements related to the agreed funding source, the aggregate principal amount of such instruments, together with all accrued and unpaid interest to the Asset Sale Payment Date, Additional Amounts and Tax Indemnity Amounts, if any, may not exceed the Excess Proceeds required to be applied in accordance with Clause 14.9(c) hereof), to be held for payment in accordance with this Agreement and the agreements entered into in connection with the agreed funding source. To the extent that the amount actually required to be paid on the Asset Sale Payment Date is less than such Excess Proceeds, the excess, if any, thereon will be refunded to the Borrower from the Account on behalf of the Lender on the Business Day following the Asset Sale Payment Date.

7.5 Notice of Prepayment

Without prejudice to any other requirement in this Agreement, any notice of prepayment given by the Borrower pursuant to Clause 7.1 (*Prepayment for Tax Reasons*) or Clause 7.2 (*Prepayment for Reasons of Increased Costs*) hereof, shall be irrevocable, shall specify the date upon which such prepayment is to be made and shall oblige the Borrower to make such prepayment one Business Day prior to such date.

7.6 Costs of Prepayment

The Borrower shall, on the date of prepayment, pay all accrued and unpaid interest, any Additional Amounts and any Tax Indemnity Amounts (each only with respect to the amount subject to such prepayment), as of such date of prepayment and all other amounts payable to the Lender hereunder in connection with such prepayment. The Borrower shall indemnify the Lender on demand against any costs and expenses reasonably Incurred and properly documented by the Lender on account of any prepayment made in accordance with this Clause 7 (*Prepayment*).

7.7 No Other Repayments

The Borrower shall not repay the whole or any part of the amount of the Loan except at the times and in the manner expressly provided for in this Agreement.

7.8 Purchase of Instruments Issued to the Agreed Funding Source

The Borrower and its Subsidiaries may purchase instruments issued to the agreed funding source at any time in the open market or otherwise. If such instruments are surrendered by the Borrower or any of its Subsidiaries to the Lender, as issuer of such instruments, for cancellation (together with an authorization addressed to the agent of the agreed funding source to cancel such instruments), the Lender shall credit the Borrower with the prepayment of an amount of the loan equal to the principal amount of such cancelled instruments.

8. TAXES

8.1 Additional Amounts

(a) Subject to Clause 8.1(b), all payments made by the Borrower under or with respect to the Loan will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment, or other governmental charge (including penalties, interest and other liabilities related thereto) (collectively, "**Taxes**") imposed or levied by or on behalf of any government or political subdivision or territory or possession of any government or authority or Agency therein or thereof having the power to tax (each, a "**Taxing Authority**") within Russia or Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes), unless the Borrower is required to withhold or deduct Taxes by law or by the interpretation or administration thereof. For the avoidance of doubt, this Clause 8.1 shall not apply to any Taxes on income payable by the Lender in Germany (or any Qualifying Jurisdiction).

(b) If at any time the Borrower is required to withhold or deduct any amount for or on account of Taxes imposed or levied by or on behalf of any Taxing Authority within Russia or Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) from any payment made under or with respect to the Loan, the Borrower shall, on the due date for such payment, pay such additional amounts ("**Additional Amounts**") as may be necessary so that the net amount received by the Lender (including Additional Amounts) in U.S. dollars after such withholding or deduction will not be less than the amount the Lender would have received if such Taxes had not been withheld or deducted and free from liability in respect of such withholding or deduction; provided, however, that for the avoidance of doubt, such Additional Amounts shall not be payable with respect to any Taxes on income payable by the Lender in Germany (or any Qualifying Jurisdiction).

(c) The Borrower will also:

(i) make such withholding or deduction; and

(ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

(d) At least 30 calendar days (or, in the event of a Change of Control pursuant to Clause 14.12 (*Change of Control*) or an Asset Sale that requires the Borrower to apply the Excess Proceeds therefrom in accordance with Clause 14.9 (c) hereof, as soon as reasonably practicable) prior to each date on which any payment under or with respect to the Loan is due and payable, if the Borrower will be obligated to pay Additional Amounts with respect to such payment (upon written notice by the Lender or an agent of the agreed funding source), the Borrower will deliver to the Lender (and, following the execution of the agreements entered into in connection with the agreed funding source, to the party designated by such agreements) an Officers' Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) to pay such Additional Amounts to or for the account of the agreed funding source on the relevant payment date.

(e) If the Lender pays any amount in respect of such Taxes, the Borrower shall reimburse the Lender in U.S. dollars for such payment on demand.

(f) Whenever this Agreement mentions, in any context, the payment of amounts based upon the principal or premium, if any, interest or of any other amount payable under or with respect to any of the Loan, this includes, without duplication, payment of any Additional Amounts and Tax Indemnity Amounts that may be applicable.

The foregoing provisions shall apply, modified as necessary, to any Taxes imposed or levied by any Taxing Authority in any jurisdiction in which any successor obligor to the Borrower is organized.

8.2 Payments

The Borrower shall assist the Lender in ensuring that all payments made under this Agreement are exempt from deduction or withholding of Tax.

8.3 Tax Indemnity

Without prejudice to, and without duplication of, the provisions of Clause 8.1 (*Additional Amounts*),

(a) if at any time the Lender makes or is required to make any payment to a Person (other than to or for the account of the agreed funding source) on account of Tax (other than Taxes on income payable by the Lender in Germany or any Qualifying Jurisdiction) in respect of the Loan or in respect of any instruments issued to, or documents entered into with, the agreed funding source imposed by any Taxing Authority of or in Russia, Germany or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes, or any liability in respect of any such payment is asserted, imposed, levied or assessed against the Lender, the Borrower shall, as soon as reasonably practicable following, and in any event within 30 calendar days of, written demand made by the Lender, indemnify the Lender against such payment or liability, together with any interest, penalties, costs and expenses payable or Incurred in connection therewith; and

(b) if at any time a Taxing Authority imposes an obligation on the Lender to withhold or deduct any amount on any payment made or to be made by the Lender to or for the account of the agreed funding source and the Lender is required by any instruments issued to, or documents entered into with, the agreed funding source, to pay additional amounts to such agreed funding source in connection therewith, the Borrower shall, as soon as reasonably practicable following, and in any event within 30 calendar days of, written demand made by the Lender, pay to the Lender such additional amounts as may be necessary so that the net amount received by the agreed funding source (including such additional amounts) in U.S. dollars after such withholding or deduction will not be less than the amount such agreed funding source would have received if such withholdings or deductions had not been made and free from liability in respect of such withholding or deduction.

Any payments required to be made by the Borrower under this Clause 8.3 are collectively referred to as "**Tax Indemnity Amounts**". For the avoidance of doubt, the provisions of this Clause 8.3 shall not apply to any withholding or deductions of Taxes with respect to the Loan which are subject to payment of Additional Amounts under Clause 8.1.

8.4 Tax Claims

If the Lender intends to make a claim for any Tax Indemnity Amounts pursuant to Clause 8.3 (*Tax Indemnity*), it shall notify the Borrower thereof; provided that nothing herein shall require the Lender to disclose any confidential information relating to the organization of its affairs.

8.5 Tax Credits and Tax Refunds

(a) If any Additional Amounts are paid under Clause 8.1 (*Additional Amounts*) or Tax Indemnity Amounts are paid under Clause 8.3 (*Tax Indemnity*) by the Borrower for the benefit of the Lender and the Lender, in its reasonable opinion, determines that it has received or been granted a credit against, a relief or remission for, or a repayment of, any Tax, then, if and to the extent that the Lender, in its reasonable opinion, determines that such credit, relief, remission or repayment is in respect of or calculated with reference to the deduction or withholding giving rise to such Additional Amounts or, in the case of Tax Indemnity Amounts, with reference to the liability, expense or loss to which the payment giving rise to such Tax Indemnity Amounts relates, the Lender shall, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Borrower such amount as the Lender shall, in its reasonable opinion, have concluded to be attributable to such deduction or withholding or, as the case may be, such liability, expense or loss; provided that the Lender shall not be obliged to make any payment under this Clause 8.5 in respect of such credit, relief, remission or repayment until the Lender is, in its reasonable opinion, satisfied that its tax affairs for its tax year in respect of which such credit, relief, remission or repayment was obtained have been finally settled. Any such payment shall, in the absence of manifest error and subject to the Lender specifying in writing in reasonable detail the calculation of such credit, relief, remission or prepayment and of such payment and providing relevant supporting documents evidencing such matters, be conclusive evidence of the amount due to the Borrower hereunder and shall be accepted by the Borrower in full and final settlement of its rights of reimbursement hereunder in respect of such deduction or withholding. Nothing contained in this Clause 8.5 shall interfere with the right of the Lender to arrange its tax affairs generally in whatever manner it thinks fit nor oblige the Lender to disclose any information relating to its tax affairs generally or any computations in respect thereof.

(b) If as a result *of* a failure to obtain relief from deduction or withholding of any Tax imposed by Russia or Germany (or any Qualified Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) (i) such Tax is deducted or withheld by the Borrower and pursuant to Clause 8.1 (*Additional Amounts*) an increased amount is paid by the Borrower to the Lender in respect of such deduction or withholding, and (ii) following the deduction or withholding of Tax as referred to above, (A) the Borrower applies on behalf of the Lender to the relevant Russian Taxing Authorities for a tax refund and such tax refund is credited by the Russian Taxing Authorities to the Lender or (B) if such tax refund is otherwise credited by a relevant Taxing Authority to the Lender pursuant to a final decision of such Taxing Authority, the Lender shall as soon as reasonably possible notify the Borrower of the receipt of such tax refund and promptly transfer the entire amount of the tax refund to a bank account of the Borrower specified for that purpose by the Borrower.

8.6 Representations of the Lender

The Lender represents that (a) it is a bank which at the date hereof is a resident of Germany, is subject to taxation in Germany on the basis of its registration as a legal entity, location of its management body or another similar criterion and it is not subject to taxation in Germany merely on income from sources in Germany or connected with property located in Germany; (b) it will account for the Loan on the date of closing on its balance sheet as an asset under "loans and advances to customers" and any arrangements with the agreed funding source as a liability under "liabilities evidenced by paper" and (c) at the date hereof, it does not have a permanent establishment in Russia.

The Lender shall make reasonable and timely efforts to assist the Borrower to obtain relief from withholding of Russian income tax pursuant to the double taxation treaty between Russia and the jurisdiction in which the Lender is incorporated, including its obligations under Clause 8.8 (*Delivery of Forms*). The Lender makes no representation as to the application or interpretation of any double taxation treaty between Russia and the jurisdiction in which the Lender is incorporated.

8.7 Exceptions

The Lender agrees promptly, upon becoming aware of such, to notify the Borrower if it ceases to be resident in Germany or a Qualifying Jurisdiction or if any of the representations set forth in Clause 8.6 are no longer true and correct. If the Lender ceases to be resident in Germany or a Qualifying Jurisdiction, then, except in circumstances where the Lender has ceased to be resident in Germany or a Qualifying Jurisdiction by reason of any Change of Law (including a change in a double taxation treaty or in such law or treaty's application or interpretation), in each case taking effect after the date of this Agreement, the Borrower shall not be liable to pay to the Lender under Clause 8.1 (*Additional Amounts*) or Clause 8.3 (*Tax Indemnity*) any sum in excess of the sum it would have been obliged to pay if the Lender had not ceased to be resident in Germany or a Qualifying Jurisdiction.

8.8 Delivery of Forms

The Lender shall within 30 calendar days of the request of the Borrower, to the extent it is able to do so under applicable law including Russian laws, deliver to the Borrower a certificate issued by the competent Taxing Authority in Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) confirming that the Lender is a tax resident in Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) and such other information or forms as may need to be duly completed and delivered by the Lender to enable the Borrower to apply to obtain relief from deduction or withholding of Russian Tax after the date of this Agreement or, as the case may be, to apply to obtain a tax refund if a relief from deduction or withholding of Russian Tax has not been obtained. The Lender shall, within 30 calendar days of the request of the Borrower, to the extent it is able to do so under applicable law including Russian laws, from time to time deliver to the Borrower any additional duly completed application forms as need to be duly completed and delivered by the Lender to enable the Borrower to apply to obtain relief from deduction or withholding of Russian Tax or, as the case may be, to apply to obtain a tax refund if a relief from deduction or withholding of Russian Tax has not been obtained. The certificate and, if required, other forms referred to in this Clause 8.8 shall be duly signed by the Lender, if applicable, and stamped or otherwise approved by the competent Taxing Authority in Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) and apostilled or otherwise legalised. If a relief from deduction or withholding of Russian Tax under this Clause 8.8 has not been obtained and further to an application of the Borrower to the relevant Russian Taxing Authorities the latter requests the Lender's rouble bank account details, the Lender shall at the request of the Borrower (x) use reasonable efforts to procure that such rouble bank account of the Lender is duly opened and maintained, and (y) thereafter furnish the Borrower with the details of such rouble bank account. The Borrower shall pay for all costs associated, if any, with opening and maintaining such rouble bank account.

9. TAX RECEIPTS

9.1 Notification of Requirement to Deduct Tax

If, at any time, the Borrower is required by law to make any deduction or withholding from any sum payable by it hereunder, or if thereafter there is any change in the rates at which or the manner in which such deductions or withholdings are calculated, the Borrower shall promptly notify the Lender.

9.2 Evidence of Payment of Tax

The Borrower will make all reasonable endeavors to obtain certified copies, and translations into English, of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Taxing Authority imposing such Taxes. The Borrower will furnish to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), within 60 calendar days after the date the payment of any Taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment by the Borrower or, if such receipts are not obtainable, other evidence of such payments by the Borrower.

10. CHANGES IN CIRCUMSTANCES

10.1 Increased Costs

If, by reason of (i) any Change of Law, other than a Change of Law which relates only to the basis or rate of Tax on the net income of the Lender or the amounts required pursuant to the Arrangement Fee Letter, and/or (ii) compliance with any Capital Adequacy Requirement, reserve or deposit requirement or any other request from or requirement of any central bank or other fiscal, monetary or other authority which has effect in Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes):

(a) the Lender Incurs an additional cost as a result of the Lender's entering into or performing its obligations, including its obligation to make the Loan, under this Agreement (excluding Taxes payable by the Lender on its overall net income); or

(b) the Lender becomes liable to make any additional payment on account of Tax or otherwise, not being a tax imposed on its net income or the amounts due pursuant to the Arrangement Fee Letter, on or calculated by reference to the amount of the Loan and/or to any sum received or receivable by it hereunder except where compensated under Clause 8.1 (*Additional Amounts*) or under Clause 8.3 (*Tax Indemnity*),

then the Borrower shall, from time to time within 30 calendar days of written demand of the Lender, pay to the Lender amounts sufficient to hold harmless and indemnify it from and against, as the case may be, such properly documented (1) cost or (2) liability; provided that the Lender will not be entitled to indemnification where such increased cost or liability arises as a result of the gross negligence, fraud or willful default of the Lender; and provided that the amount of such increased cost shall be deemed not to exceed an amount equal to the proportion of any cost or liability which is directly attributable to this Agreement.

10.2 Increased Costs Claims

If the Lender intends to make a claim pursuant to Clause 10.1 (*Increased Costs*), it shall notify the Borrower thereof and provide a written description in reasonable detail of the relevant Change of Law or Capital Adequacy Requirement, as the case may be, including a description of the relevant affected jurisdiction or country and the date on which the change in circumstances took effect; provided that nothing herein shall require the Lender to disclose any confidential information relating to the organization of its or any other person's affairs. The written description shall demonstrate the connection between the change in circumstance and the increased costs and shall be accompanied by relevant supporting documentation evidencing the matters described therein.

10.3 Illegality

If, at any time after the date of this Agreement, it is unlawful for the Lender to make, fund or allow to remain outstanding the Loan made or to be made by it hereunder or to maintain its agreed funding source of the Loan then the Lender shall, after becoming aware of the same, deliver to the Borrower a written notice, setting out in reasonable detail the nature and extent of the relevant circumstances, to that effect and:

(a) if the Loan has not then been made, the Lender shall not thereafter be obliged to make the Loan; and

(b) if the Loan is then outstanding and the Lender so requests, the Borrower shall, on the latest date permitted by the relevant law or such earlier day as the Borrower elects (as notified to the Lender upon not less than 30 calendar days' written notice prior to the date of repayment), repay the Loan together with accrued and unpaid interest thereon and all other amounts owing to the Lender hereunder.

10.4 Mitigation

If circumstances arise which would result in:

(a) any payment falling due to be made by or to the Lender or for its account pursuant to Clause 10.3 (*Illegality*);

(b) any payment falling due to be made by the Borrower pursuant to Clause 8.1 (*Additional Amounts*); or

(c) a claim for indemnification pursuant to Clause 8.3 (*Tax Indemnity*) or Clause 10.1 (*Increased Costs*),

then, without in any way limiting, reducing or otherwise qualifying the rights of the Lender or the Borrower's obligations under any of the above mentioned provisions, the Lender shall, upon becoming aware of the same, notify the Borrower thereof and, in consultation with the Borrower and to the extent it can lawfully do so and without prejudice to its own position, take reasonable steps to remove such circumstances or mitigate the effects of such circumstances including, without limitation, by the change of its lending office or transfer of its rights or obligations under this Agreement to another bank; provided that the Lender shall be under no obligation to take any such action if, in its opinion, to do so might have any adverse effect upon its business, operations or financial condition or might be in breach of any arrangements which it may have made with the agreed funding source.

11. REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower makes the following representations and warranties and acknowledges that the Lender has entered into this Agreement in reliance on those representations and warranties.

11.1 Due Organisation

Each of the Borrower, its Significant Subsidiaries and Open Joint Stock Company Bee-Line Samara ("**Bee-Line Samara**") has been duly organized, is validly existing as a legal entity properly organized, registered and existing, in the case of the Borrower, under the laws of Russia, and in the case of each Significant Subsidiary and Bee-Line Samara under the laws of its jurisdiction of organization or incorporation, and each of Open Joint Stock Company N.Teks ("**N.Teks**") and Closed Joint Stock Company Variant-Inform ("**Variant-Inform**") has been duly organized, and except as disclosed in Schedule II to the Side Letter, is validly existing as a legal entity properly organized, registered and existing under the laws of Russia; each of the Borrower, each of its Significant Subsidiaries, Bee-Line Samara, N.Teks and Variant-Inform has the corporate power and authority to own, lease and operate its property and to conduct its business as it is currently being conducted and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except where any failure to do so would have not have any material adverse effect on the business, financial position or results of operations of the Borrower and its Subsidiaries taken as a whole ("**Material Adverse Effect**").

11.2 Authorisation

The Borrower has full corporate power and authority to enter into this Agreement, and this Agreement has been duly authorised, executed and delivered by the Borrower, and is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except that the enforcement thereof may be limited by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and (ii) general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

11.3 No Conflict

The execution, delivery and performance of this Agreement by the Borrower, the compliance by the Borrower with all the provisions hereof and the consummation of the transactions contemplated hereby (a) will not require any consent, approval, authorisation or other order of any court, regulatory body, administrative agency or other governmental body (except as such may be required under the securities or Blue Sky laws of the various states of the United States or any securities laws of any jurisdiction other than Russia, Germany, the United Kingdom and the Federal law of the United States) except for such consents, approvals, authorisations or other orders as have been obtained and which are in full force and effect or as may only be obtained after the closing of the transactions contemplated hereby or thereby, (b) will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter of the Borrower, Bee-Line Samara or any of the Borrower's Significant Subsidiaries that holds a Material Mobile License, (c) will not conflict with or constitute a breach of any agreement, indenture or other instrument to which the Borrower or any of the Significant Subsidiaries is a party or by which the Borrower, any of the Significant Subsidiaries or their respective property or assets is bound, and (d) will not violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Borrower, any of the Significant Subsidiaries or their respective property, except in the case of clauses (c) and (d), any conflict, breach or violation which would not have a Material Adverse Effect.

11.4 Financial Statements

The audited consolidated financial statements of the Borrower and the related notes thereto, as contained in Schedule I and Schedule II to the Side Letter, were prepared in accordance with GAAP consistently applied throughout the periods involved, except as set forth in Schedule II to the Side Letter, and present fairly, the consolidated financial position of the Borrower as at the dates at which they were prepared and the results of the operations and the cash flows of the Borrower in respect of the periods for which they were prepared. The other financial and statistical information and data set forth in Schedule I and Schedule II to the Side Letter is, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Borrower and its Subsidiaries. Since the 31 December 2001 financial statements contained in Schedule I and Schedule II to the Side Letter and, except as disclosed in Schedule II to the Side Letter, (a) there has been no material adverse change in the condition (financial or otherwise) or affecting the business, prospects, financial position, or results of operations of the Borrower or the Borrower and its Subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business; and (b) neither the Borrower nor any of its Subsidiaries has entered into any transaction or agreement material to the Borrower or to the Borrower and its Subsidiaries taken as a whole, other than in the ordinary course of business.

11.5 No Other Indebtedness

The Borrower has no Indebtedness, other than Indebtedness (a) that in the aggregate would not have a Material Adverse Effect, (b) as set forth on the December 31, 2001 audited consolidated balance sheet of the Borrower or (c) as disclosed in Schedule II to the Side Letter.

11.6 Payment in U.S. Dollars

All payment obligations of the Borrower under this Agreement are required by the terms hereof to be paid in U.S. dollars, and the Borrower has received all required approvals, consents, licenses and permissions to make and may make such payments in U.S. dollars.

11.7 No Material Proceedings

Except to the extent disclosed in Schedule II to the Side Letter, there are no legal or governmental proceedings pending or, to the best knowledge of the Borrower, threatened before any court, tribunal, arbitration panel or Agency to which the Borrower or any of the Significant Subsidiaries is a party or to which any of the properties of the Borrower or any of the Significant Subsidiaries is subject which might, singly or in the aggregate, (a) prohibit the execution and delivery of this Agreement or the Borrower's compliance with its obligations hereunder, (b) adversely affect the right and power of the Borrower to enter into this Agreement or (c) could have any Material Adverse Effect.

11.8 No Violations

Neither the Borrower nor any of the Significant Subsidiaries (i) nor Bee-Line Samara is in violation of its respective charter documents, articles of association or by-laws or equivalent constitutive documents, (ii) is in default of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties or assets is subject, or (iii) is in violation of any law, ordinance, governmental rule, regulation or court decree or license to which it or its properties or assets may be subject, except in the case of clauses (ii) and (iii) above, such defaults or violations which would not have a Material Adverse Effect.

11.9 Environmental and Labour Laws

Neither the Borrower nor any of the Significant Subsidiaries has violated any (a) applicable Russian or foreign, including in each instance federal, state or local, law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"), (b) any applicable Russian or foreign, including in each instance federal, state or local, law or regulation relating to discrimination in the hiring, promotion or pay of employees nor (c) any applicable Russian or foreign, including in each instance, federal, state or local, wages and hours laws or regulations, which in the case of (a), (b) or (c) above might reasonably be expected to have any Material Adverse Effect.

There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have any Material Adverse Effect.

11.10 Good and Marketable Title

Except to the extent disclosed in Schedule II to the Side Letter, or such as are not material to the business, prospects, financial condition or results of operations of the Borrower and its Significant Subsidiaries, taken as a whole, each of the Borrower and its Significant Subsidiaries has good and marketable title, free and clear of all Liens, except Liens for Taxes not yet due and payable, to all property and assets described in Schedule I and Schedule II to the Side Letter as being owned by it. All leases to which the Borrower or any of its Significant Subsidiaries is a party and which are material to the operations of the Borrower and the Significant Subsidiaries, taken as a whole, are valid and binding and no default has occurred or is continuing thereunder, which might result in a Material Adverse Effect, and the Borrower and its Significant Subsidiaries enjoy peaceful and undisturbed possession under all such leases to which any of them is a party as lessee with such exceptions as do not materially interfere with the use made by the Borrower or such Significant Subsidiary.

11.11 Permits and Licenses

Except to the extent disclosed in Schedule II to the Side Letter, each of the Borrower, its Significant Subsidiaries and Bee-Line Samara has such permits, licenses and authorisations of governmental or regulatory authorities ("**permits**"), including, without limitation, licenses issued by the Ministry of Communications and Informatization of the Russian Federation, and permissions issued by the State Commission for Radio Frequencies, as are necessary to own, lease and operate its respective properties and to conduct its business in the regions, which regions are set forth in Schedule I and Schedule II to the Side Letter except where the failure to have such permits would not have a Material Adverse Effect. Except to the extent disclosed in Schedule II to the Side Letter, each of the Borrower, its Significant Subsidiaries and Bee-Line Samara has fulfilled and performed all their material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit; and, except as disclosed in Schedule II to the Side Letter, such permits contain no restrictions that have or that the Borrower could reasonably expect to have a Material Adverse Effect.

11.12 Intellectual Property

Except to the extent disclosed in Schedule II to the Side Letter, the Borrower and the Significant Subsidiaries possess the material patents, patent rights, licenses, inventions, copyrights, know-how, including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures, trademarks, service marks and trade names employed by them in connection with the business as it is currently being conducted as described in Schedule I and Schedule II to the Side Letter, and neither the Borrower nor any of the Significant Subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to the foregoing which, singly or in the aggregate, if the subject of an unfavourable decision, ruling or finding, could have a Material Adverse Effect.

11.13 Labour Relations

No labour strike, dispute, disturbance, lockout, slowdown or stoppage of employees of the Borrower or any of the Significant Subsidiaries currently exists and, to the best knowledge of the Borrower, no such action is threatened or imminent.

11.14 Adequate Insurance

The Borrower and each of the Significant Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged in the jurisdiction where they operate, respectively; the Borrower and each of the Significant Subsidiaries have not been refused any insurance coverage sought or applied for; and the Borrower and each of the Significant Subsidiaries have no reason to believe that they will not be able to renew their existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue their business at a cost that would not have a Material Adverse Effect, except as disclosed in Schedule II to the Side Letter.

11.15 Taxes

Except as disclosed in Schedule II to the Side Letter, to the best knowledge of the Borrower, each of the Borrower and the Significant Subsidiaries has duly filed with the appropriate Taxing Authorities, or has received an extension for filing with respect to, all tax returns, reports and other information required to be filed by it, and each such tax return, report, or other information was, when filed, accurate and complete; and, except as disclosed in Schedule II to the Side Letter, each of the Borrower and the Significant Subsidiaries has duly paid, or has made adequate reserves for, all Taxes required to be paid by it and any other assessment, fine or penalty levied against it, and to the best of the Borrower's knowledge, no Tax deficiency is currently asserted against the Borrower or any of the Significant Subsidiaries.

11.16 No Withholding or Similar Tax

Under current laws and regulations of Russia and Germany and any respective political subdivisions thereof, and based upon the representations of the Lender set forth in Clause 8.6 (*Representations of the Lender*) hereof, all payments of principal and/or interest, Additional Amounts, Tax Indemnity Amounts or any other amounts payable on or in respect of the Loan may be paid by the Borrower to the Lender in U.S. dollars and will not be subject to Taxes under laws and regulations of Russia, or any political subdivision or Taxing Authority thereof or therein, respectively, and will otherwise be free and clear of any other Tax, duty, withholding or deduction in Germany, Russia, or any political subdivision or Taxing Authority thereof or therein (provided, however, that the Borrower makes no representation as to any income or similar Tax of Germany (or any Qualifying Jurisdiction) which may be assessed thereon) and without the necessity of obtaining any governmental authorisation in Russia or any political subdivision or Taxing Authority thereof or therein.

11.17 Not an Investment Company

Neither the Borrower nor any of its Subsidiaries is and, after giving effect to the Loan and the application of the proceeds thereof will not be, required to register as an "investment company" as defined in the U.S. Investment Company Act of 1940, as amended.

11.18 Not a Passive Foreign Investment Company

For its taxable year ended December 31, 2001, the Borrower was not a "passive foreign investment company" as defined in 26 U.S.C. §1297(a), a "foreign personal holding company" as defined in 26 U.S.C. § 552 or a "controlled foreign corporation" as defined in 26 U.S.C. §957.

11.19 Rating

No Rating Agency (a) has imposed (or has informed the Borrower that it is considering imposing) any condition (financial or otherwise) on the Borrower's retaining any rating assigned to the Borrower or any securities of the Borrower or (b) has indicated to the Borrower that it is considering (i) the downgrading, suspension or withdrawal of, or any review for a possible change that does not indicate the direction of the possible change in, any rating so assigned or (ii) any change in the outlook for any rating of the Borrower, as applicable, or any securities of the Borrower.

11.20 No Liquidation or Similar Proceedings

No proceedings have been commenced for the purposes of, and no judgement has been rendered for, the liquidation, bankruptcy or winding-up of the Borrower, any of its Significant Subsidiaries or Bee-Line Samara.

11.21 Certificates

Each certificate signed by any director or officer of the Borrower and delivered to the Lender or counsel for the Lender on the date of the making of the Loan shall be deemed to be a representation and warranty by the Borrower to the Lender as to the matters covered thereby.

11.22 *Pari Passu* Obligations

The obligations of the Borrower under this Agreement will rank at least *pari passu* in right of payment with all other unsecured and unsubordinated obligations of the Borrower, except as otherwise provided by mandatory provisions of applicable law.

11.23 No Stamp Taxes

Under the laws of Russia in force at the date hereof, it is not necessary that any stamp, registration or similar Tax be paid on or in relation to this Agreement.

11.24 No Events of Default

No event has occurred or circumstances arisen which would (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute an event described in Clause 15 (*Events of Default*).

11.25 Repetition

Each of the representations and warranties in Clause 11 (*Representations and Warranties of the Borrower*) shall be deemed to be repeated by the Borrower on the date of the making of the Loan and each of Clause 11.1 (*Due Organisation*) (solely with respect to the Borrower and provided that, upon the occurrence of a merger, consolidation or sale of assets pursuant to Clause 14.15 (*Merger, Consolidation and Sale of Assets*), if the Borrower is the Surviving Entity), Clause 11.2 (*Authorisations*), Clause 11.3 (*No Conflict*) and Clause 11.7 (*No Material Proceedings*) (solely with respect to any legal or governmental proceedings pending or, to the best knowledge of the Borrower, threatened in writing delivered to the Borrower before any court, tribunal, arbitration panel or Agency challenging the lawfulness, validity or enforceability of this Agreement (except for any such proceedings as may have been disclosed in writing by the Borrower to the Lender prior to the relevant date of repetition) shall be deemed to be repeated and updated on each Interest Payment Date.

12. REPRESENTATIONS AND WARRANTIES OF THE LENDER

In addition to the representations and warranties set forth in Clause 8.6 (*Qualifying Lender*), the Lender makes the representations and warranties set out in Clause 12.1 (*Status*) to Clause 12.5 (*Amendments to Agreed Funding Source Agreements*), inclusive, and acknowledges that the Borrower has entered into this Agreement in reliance on those representations and warranties.

12.1 Status

The Lender is duly incorporated under the laws of Germany and is resident for German taxation purposes in Germany and has full corporate power and authority to enter into this Agreement and any other agreements relating to the agreed funding source, and to undertake and perform the obligations expressed to be assumed by it herein and therein.

12.2 Authorisation

Each of this Agreement and any other agreements entered into in connection with the agreed funding source has been duly authorised, executed and delivered by the Lender, and is a legal, valid and binding obligation of the Lender, enforceable against the Lender in accordance with its terms, except that the enforcement thereof may be subject to bankruptcy, insolvency, fraudulent conveyance, reorganisation, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles.

12.3 Consents and Approvals

All authorisations, consents and approvals required by the Lender for or in connection with the execution of this Agreement and any other agreements relating to the agreed funding source and the performance by the Lender of the obligations expressed to be undertaken in such agreements have been obtained and are in full force and effect.

12.4 No Conflicts

The execution of this Agreement and any other agreements relating to the agreed funding source and the undertaking and performance by the Lender of the obligations expressed to be assumed by it herein and therein will not conflict with, or result in a breach of or default under, the laws of Germany.

13. FINANCIAL INFORMATION

13.1 Delivery

In addition to the Borrower's obligations under Clause 14.1 (*Financial Information*), the Borrower shall supply or procure to be supplied to the Lender, in sufficient copies as may reasonably be required by the Lender, all such information as it may require in connection with article 18 of the Kreditwesengesetz or as the Luxembourg Stock Exchange (or any other or further stock exchange or stock exchanges or any other relevant authority or authorities on which the instruments issued to the agreed funding source may, from time to time, be listed or admitted to trading) may require in connection with the listing or admittance to trading on such stock exchange or relevant authority of instruments issued to the agreed funding source.

14. COVENANTS

14.1 Financial Information

(a) Whether or not required by the rules and regulations of the Commission, so long as the Loan or any other sum owing hereunder remains outstanding, the Borrower undertakes that it shall deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements):

(i) all annual financial information (including, without limitation, its audited financial statements for such fiscal year, prepared in accordance with GAAP consistently applied with the corresponding financial statements for the preceding period) that would be required to be contained in a filing with the Commission on Form 20-F if the Borrower were required to file such form, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a report thereon of the Borrower's certified independent accountants;

(ii) quarterly reports containing unaudited financial statements and financial information for the first three quarters of each fiscal year, which quarterly financial statements will be prepared in accordance with GAAP, consistently applied with the corresponding financial statements for the preceding period; and

(iii) all reports that would be required to be filed with the Commission on Form 6-K whether or not the Borrower is subject to such filing requirement.

(b) The Borrower shall furnish to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) and shall file with the Commission such annual financial information within 180 days after the end of each fiscal year and such quarterly reports within 90 days after the end of each of the first three fiscal quarters of each year.

(c) Delivery of such reports, information and documents to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) pursuant to this Clause 14.1(c) is for informational purposes only and the Lender's receipt (and, following the execution of any other agreements entered into in connection with the agreed funding source, receipt by the party designated by such agreements) of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants hereunder (as to which the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) is entitled to rely exclusively on Officers' Certificates).

14.2 Compliance Certificate

(a) The Borrower shall deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), on or before a date not more than 180 days after the end of each fiscal year of the Borrower, and within 14 days of a request from the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), an Officers' Certificate stating that a review of the activities of the Borrower and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Borrower has kept, observed, performed and fulfilled its obligations under, and complied with the covenants and conditions contained in, this Agreement, and further stating, as to the Officers signing such certificate, that to the best of each of their knowledge the Borrower has kept, observed, performed and fulfilled each and every covenant, and complied with the covenants and conditions contained in this Agreement and is not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he may have knowledge).

(b) One of the Officers signing such Officers' Certificate shall be either the Borrower's Chief Executive Officer, Chief Financial Officer or Controller.

(c) The Borrower will, so long as the Loan or any other sum owing hereunder remains outstanding, deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), forthwith upon becoming aware of any Default or Event of Default an Officers' Certificate specifying such Default or Event of Default and the action which the Borrower proposes to take with respect thereto.

(d) The Borrower shall deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), on or before a date not more than 180 days after the end of each fiscal year of the Borrower, a certificate prepared by the Borrower's certified independent accountants stating that a review of the financial activities of the Borrower and its Subsidiaries during the preceding fiscal year has been made, that the Borrower and its Subsidiaries are in compliance with their obligations under Clause 14.7 (*Incurrence of Indebtedness*) and Clause 14.8 (*Restricted Payments*), or if there is a Default, specifying such Default.

14.3 Stay, Extension and Usury Laws

The Borrower covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Agreement; and the Borrower (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), but will suffer and permit the execution of every such power as though no such law had been enacted.

14.4 Corporate Existence

(a) Except as provided under Clause 14.15 (*Merger, Consolidation and Sale of Assets*), the Borrower will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the corporate, partnership or other existence of each Restricted Subsidiary and each Significant Subsidiary of the Borrower in accordance with the respective organizational documents of each Restricted Subsidiary and each Significant Subsidiary and the rights (charter and statutory), licenses (including Material Mobile Licenses) and franchises of the Borrower and its Restricted Subsidiaries and Significant Subsidiaries; provided, however, that the Borrower shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any Restricted Subsidiary or Significant Subsidiary, if the Board of Directors of the Borrower shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower and its Restricted Subsidiaries and Significant Subsidiaries taken as a whole and that the loss thereof is not adverse in any material respect to the agreed funding source.

(b) Notwithstanding Clause 14.4(a) above, the termination, revocation, suspension, withdrawal, other cessation of effectiveness (including, without limitation, the voluntary surrender) or transfer to any entity that is not the Borrower or any of its Restricted Subsidiaries or Significant Subsidiaries of one or more mobile telecommunications licenses held by the Borrower or any Subsidiary required for the provision of mobile telecommunications services, including mobile Internet and e-commerce services, as a result of which the Borrower or any of its Subsidiaries would cease to hold Material Mobile Licenses for a period of more than 90 days without being replaced or reinstated, or the non-renewal of one or more mobile telecommunications licenses held by the Borrower or any Subsidiary required for the provision of mobile telecommunications services, including mobile Internet and e-commerce services, as a result of which the Borrower or any of its Subsidiaries would cease to hold Material Mobile Licenses on the expiration of the term thereof for a period of more than 90 days without being re-issued or replaced, shall constitute a breach of this covenant; provided, however, that any such voluntary surrender or transfer of licenses by the Borrower meeting the requirements of, and permitted under, Clause 14.15 (*Merger, Consolidation and Sale of Assets*) shall not constitute a breach of this covenant.

(c) The Borrower shall notify the Lender in writing of any Subsidiary that qualifies as a Significant Subsidiary and is not specified in clause (a) of the definition thereof.

14.5 Taxes

The Borrower shall, and shall cause each of its Restricted and Significant Subsidiaries to, pay prior to delinquency all Taxes, assessments and governmental levies, except as contested in good faith and by appropriate proceedings.

14.6 Liens

The Borrower shall not, and shall not permit any Restricted Subsidiary to create, Incur, assume or suffer to exist any Lien (other than Permitted Liens) on any asset now owned or hereafter acquired, or any income or profits therefrom, which secure any Indebtedness, unless the Loan and any other sum owing hereunder are secured by a Lien equally and ratably with the Liens securing such other Indebtedness; provided that if such Indebtedness is Subordinated Indebtedness of the Borrower, the Lien securing such Indebtedness shall be subordinate or junior to the Lien securing the Loan, with the same relative priority as such Indebtedness shall have with respect to the Loan.

14.7 Incurrence of Indebtedness

(a) The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, Incur any Indebtedness, other than the Loan; provided, however, that if no Default or Event of Default shall have occurred and be continuing at the time, or would occur as a consequence, of the Incurrence of such Indebtedness, the Borrower and any Restricted Subsidiary may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness on a pro forma basis and the receipt and application of the proceeds therefrom, immediately thereafter the Consolidated Leverage Ratio would be greater than zero and less than or equal to 4.5 to 1.

(b) Notwithstanding the foregoing, the Borrower, and (except as specified below) any Restricted Subsidiary, may Incur each of the following:

(i) Indebtedness existing on the date hereof;

(ii) Indebtedness Incurred by Subsidiary Guarantees pursuant to Clause 14.14 (*Issuances of Guarantees by Restricted Subsidiaries*);

(iii) Indebtedness of any Controlled Restricted Subsidiary owing to and held by the Borrower, Indebtedness of the Borrower owing to and held by any Controlled Restricted Subsidiary or Indebtedness of any Controlled Restricted Subsidiary of the Borrower owing to and held by any other Controlled Restricted Subsidiary; provided that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Controlled Restricted Subsidiary ceasing to be a Controlled Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Borrower or a Controlled Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness not permitted by this clause (iii); provided, further, that Indebtedness of the Borrower owing to and held by a Controlled Restricted Subsidiary must be unsecured and expressly subordinated to the prior payment in full in cash of all payment obligations with respect to the Loan under this Agreement;

(iv) Indebtedness under Currency Agreement and Interest Rate Agreements; provided that such agreements (1) are entered into solely for bona fide hedging purposes of the Borrower or its Restricted Subsidiaries to protect the Borrower or the Restricted Subsidiary, as the case may be, against fluctuations in foreign currency exchange rates or interest rates (as determined in good faith by the Board of Directors or senior management of the Borrower), (2) correspond at the time of Incurrence in terms of notional amount, duration, currencies and interest rates, as applicable, substantially to Indebtedness of the Borrower or its Restricted Subsidiaries Incurred without violation of this Agreement or to business transactions of the Borrower or its Restricted Subsidiaries on customary terms entered into in the ordinary course of business and (3) do not increase Indebtedness of the Borrower or any Restricted Subsidiary outstanding at any time other than as a result of fluctuations in foreign currency exchange rates or interest rates, as the case may be;

(v) Indebtedness (1) Incurred in respect of workers' compensation claims and self-insurance obligations provided by the Borrower or a Restricted Subsidiary in the ordinary course of business, (2) Incurred in respect of performance, surety, appeal and similar bonds, bankers' acceptances, letters of credit or bills of exchange provided by the Borrower or a Restricted Subsidiary in the ordinary course of business and that do not secure other Indebtedness, (3) arising from agreements of the Borrower or a Restricted Subsidiary 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 of a Restricted Subsidiary; provided that, the maximum aggregate liability in respect of all Indebtedness Incurred under this clause (3) shall at no time exceed the gross proceeds actually received by the Borrower and its Restricted Subsidiaries in connection with such disposition (except in the case of the indemnification provided by the Borrower under the VimpelCom-Region Primary Agreement), (4) arising from the honouring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided that the Indebtedness Incurred under this clause (4) is extinguished within five Business Days of Incurrence; provided, further, that the Indebtedness Incurred under clause (4) of this Clause 14.7(b)(v) may not exceed, in an aggregate principal amount at any one time outstanding, $15 million (or the equivalent in another currency), or (5) Indebtedness Incurred by the Borrower in rubles solely for the purpose of making its capital contribution to VimpelCom-Region in an aggregate amount not to exceed the ruble equivalent of the lesser of (x) the Borrower's actual capital contribution to VimpelCom-Region on the terms and subject to the conditions set forth in Article II of the VimpelCom-Region Primary Agreement and (y) $117 million; provided that the Indebtedness Incurred under clause (5) of this Clause 14.7(b)(v) is extinguished within five Business Days of Incurrence;

(vi) Refinancing Indebtedness; provided that Indebtedness, the proceeds of which are used to refinance or refund the Loan or Indebtedness that is equal in right of payment with, or subordinated in right of payment to, the Loan, shall only be permitted under this Clause 14.7(b)(vi) if:

(1) the Loan is refinanced in part or the Indebtedness to be refinanced is equal in right of payment with the Loan, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is made equal in right of payment with, or subordinated in right of payment to, the outstanding amounts under the Loan, respectively;

(2) the Indebtedness to be refinanced is subordinated in right of payment to the Loan, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Loan at least to the extent that the Indebtedness to be refinanced is subordinated to the Loan; and

(3) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded and does not permit redemption or other retirement of such Indebtedness at the option of the holder thereof prior to the Stated Maturity of the Indebtedness being refinanced; and provided, further, that in no event may any Indebtedness be refinanced by means of any Indebtedness of any Restricted Subsidiary that was not an obligor under the refinanced Indebtedness pursuant to this Clause 14.7(b)(vi);

(vii) Indebtedness under one or more Credit Facilities in an aggregate principal amount at any one time outstanding not to exceed $100 million (or the equivalent in another currency), less the aggregate amount of all permanent reduction of Indebtedness (and a permanent reduction of the related commitments to lend or amount to be reborrowed in the case of a revolving credit facility) under such Credit Facilities by the Borrower or any of its Restricted Subsidiaries pursuant to Clause 14.9(b) hereof; and

(viii) Indebtedness in an aggregate principal amount up to $25 million (or the equivalent in another currency) Incurred in connection with the Borrower or a Restricted Subsidiary exercising its call on Preferred Stock of the Borrower owned by Eco Telecom Limited pursuant to Section 7.04 of the VimpelCom Primary Agreement.

14.8 Restricted Payments

(a) The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any distribution (including any payment in connection with any merger or consolidation derived from assets of or involving the Borrower or any Restricted Subsidiary) on or with respect to its Capital Stock or to the holders thereof (in their capacity as such) other than

(1) dividends or distributions by the Borrower payable solely in shares of its Capital Stock (other than Redeemable Stock) or in options, warrants or other rights to acquire shares of such Capital Stock (other than Redeemable Stock); and

(2) in the case of a Restricted Subsidiary, dividends or distributions payable to the Borrower or a Restricted Subsidiary or pro rata dividends or distributions on Capital Stock of Restricted Subsidiaries to all holders of such class of Capital Stock;

(ii) purchase, redeem, retire or otherwise acquire for value (including any payment in connection with any merger or consolidation derived from assets of or involving the Borrower or any Restricted Subsidiary) any shares of Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock or any securities convertible or exchangeable into shares of Capital Stock) of the Borrower or any Restricted Subsidiary of the Borrower;

(iii) make any principal payment, or redemption, purchase, repurchase, defeasance, or other acquisition or retirement for value prior to any scheduled maturity, scheduled repayment or scheduled sinking fund payment of Subordinated Indebtedness of the Borrower; or

(iv) make any Investment, other than a Permitted Investment, in any Person (such payments or any other actions described in Clause 14.8(a)(i) through 14.8(a)(iv) hereof being collectively "Restricted Payments")

if, at the time of, and after giving effect to, the proposed Restricted Payment

(1) a Default or Event of Default shall have occurred and be continuing or would result from such Restricted Payment,

(2) the Borrower could not Incur at least $1.00 of Indebtedness pursuant to Clause 14.7(a) (*Incurrence of Indebtedness*), or

(3) the aggregate amount of all Restricted Payments made or declared after the date hereof would exceed the sum of

(A) 50% of Adjusted Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter beginning immediately following the date hereof to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are in existence (or, in case such Adjusted Consolidated Net Income is a deficit, minus 100% of such deficit);

(B) the aggregate Net Cash Proceeds or other capital contributions received by the Borrower after the date hereof from the issuance and sale permitted by this Agreement to a Person who is not a Subsidiary of the Borrower of (x) its Capital Stock (other than Redeemable Stock), (y) any options, warrants or other rights to acquire Capital Stock of the Borrower (in each case, exclusive of any Redeemable Stock or any options, warrants or other rights that are redeemable at the option of the holder, or are required to be redeemed, prior to the Stated Maturity of the Loan), and (z) Indebtedness of the Borrower that has been exchanged for or converted into Capital Stock of the Borrower (other than Redeemable Stock) (less the amount of any cash, or other property, distributed by the Borrower upon such conversion or exchange);

(C) to the extent that any Investment (other than a Permitted Investment) that was made after the date hereof is sold for cash or otherwise liquidated or repaid for cash, the lesser of (x) the cash received with respect to such sale, liquidation or repayment of such Investment (less the cost of such sale, liquidation or repayment, if any) and (y) the initial amount of such Investment, but only to the extent not included in the calculation of Adjusted Consolidated Net Income; and

(D) the amount equal to the net reduction in Investments (other than Permitted Investments) made by the Borrower or any of its Restricted Subsidiaries in any Person resulting from the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Borrower or any Restricted Subsidiary in such Unrestricted Subsidiary, but only to the extent not included in the calculation of Adjusted Consolidated Net Income.

(b) The foregoing provisions in this Clause 14.8 hereof shall not be violated by reason of:

(i) the payment of any dividend within 60 days after the date of declaration thereof if, at said date of declaration, such payment would have complied with the provisions of this Agreement;

(ii) the repurchase, redemption or other acquisition of Subordinated Indebtedness of the Borrower made by exchange for, or out of the proceeds of the substantially concurrent Incurrence or sale of Indebtedness which is permitted to be Incurred pursuant to Clause 14.7 (*Incurrence of Indebtedness*);

(iii) the repurchase, redemption or other acquisition of Capital Stock or Subordinated Indebtedness of the Borrower (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the proceeds of a substantially concurrent offering of, shares of Capital Stock (other than Redeemable Stock) of the Borrower (or options, warrants or other rights to acquire such Capital Stock) other than to a Subsidiary;

(iv) upon the occurrence of a Change of Control or an Asset Sale and within 60 days after the completion of the prepayment of the Loan, in whole or in part, in accordance with Clause 7.3 (*Prepayment in the event of a Change of Control*) or Clause 7.4 (*Prepayment in the event of Asset Sales*) hereof, any purchase, repurchase, redemption, defeasance, acquisition or other retirement for value of Subordinated Indebtedness of the Borrower required pursuant to the terms thereof as a result of such Change of Control or Asset Sale at a purchase or redemption price not to exceed 101% of the outstanding principal amount thereof, plus accrued and unpaid interest thereon, if any;

(v) the repurchase, redemption or other acquisition of Capital Stock of the Borrower or a Restricted Subsidiary if and to the extent required by Article 15 and Article 78 of the Federal Law on Joint Stock Companies of the Russian Federation, as such law may be amended, supplemented, modified or replaced from time to time or any successor statute or statutes thereof;

(vi) the purchase by the Borrower or a Restricted Subsidiary, pursuant to, and in accordance with the provisions of, Section 5.03 of the VimpelCom-Region Shareholders' Agreement, of any Subordinated Indebtedness of the Borrower;

(vii) Investments in Permitted Joint Ventures (excluding Investments in Permitted Joint Ventures existing as of the date hereof) in an aggregate amount not to exceed the sum of (x) $65 million and (y) the net reduction in Investments made pursuant to this clause (vii) resulting from distributions on, or repayments of, such Investments or from the Net Cash Proceeds received from the sale or other disposition of any such Investments (except in each case to the extent of any gain on such sale or disposition that would be included in the calculation of Adjusted Consolidated Net Income for purposes of Clause 14.8(a)(iv)(3)(A) above) or from such Person becoming a Restricted Subsidiary (valued, in each case, as provided in the definition of "Investment"); provided, further, that the net reduction of any such Investment shall not exceed the amount of such Investment;

(viii) the redemption of Preferred Stock of VimpelCom-Region on the terms and conditions as set forth in Section 2.12 of the VimpelCom-Region Primary Agreement;

(ix) the payment of any dividend on Preferred Stock of the Borrower and VimpelCom-Region in an amount not to exceed an aggregate of $1,000 during any fiscal year of the Borrower or VimpelCom-Region; or

(x) Investments that do not exceed in the aggregate $10 million at any one time outstanding.

provided that, except in the case of Clauses 14.8(b)(i) and (b)(ii), no Default or Event of Default shall have occurred and be continuing, or occur as a consequence of the actions or payments set forth therein.

(c) Each Restricted Payment permitted pursuant to Clause 14.8(b) hereof (other than the Restricted Payment referred to in Clause 14.8(b)(ii) hereof and an exchange of Capital Stock for Capital Stock referred to in Clause 14.8(b)(iii) hereof), and the Net Cash Proceeds from any issuance of Capital Stock referred to in Clause 14.8(b)(iii) hereof, shall be included in calculating whether the conditions set forth in Clause 14.8(a)(iv) hereof have been met with respect to any subsequent Restricted Payments.

(d) Not later than the date of making any Restricted Payment, the Borrower shall deliver to the Lender and Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Clause 14.8 were computed, which calculations may be based upon the Borrower's latest available financial statements. The Lender shall have no duty to recomputed or recalculate or verify the accuracy of the information set forth in such Officers' Certificate.

14.9 Asset Sales

(a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to consummate any Asset Sale, unless:

(i) the consideration received by the Borrower or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of (as determined in good faith by the Board of Directors of the Borrower); and

(ii) at least 75% of the consideration received consists of cash or other Qualified Consideration.

(b) In the event and to the extent that the Net Cash Proceeds received by the Borrower or any of its Restricted Subsidiaries, as the case may be, from one or more Asset Sales occurring on or after the date hereof exceed $10 million (or the equivalent in another currency), then the Borrower shall or shall cause the relevant Restricted Subsidiary to

(i) within 360 days after the date such Net Cash Proceeds are so received:

(1) apply an amount equal to all such Net Cash Proceeds to permanently repay any Indebtedness (other than Subordinated Indebtedness of the Borrower) of the Borrower or any Indebtedness of any Restricted Subsidiary providing a Subsidiary Guarantee pursuant to Clause 14.14 (*Issuances of Guarantees by Restricted Subsidiaries*) or which is subject to a restriction on dividend payment or other distributions, in each case owing to a Person other than the Borrower or any of its Restricted Subsidiaries, or

(2) invest an equal amount, or the amount not so applied pursuant to Clause 14.9(b)(i)(1) above (or enter into a definitive agreement committing to so invest within 360 days after the date of such agreement), in assets (including Capital Stock) of a nature or type or that are used or usable in a Permitted Business; and

(ii) apply (no later than the end of the 360-day period referred to in clause (i) of this sentence) such excess Net Cash Proceeds (to the extent not applied pursuant to Clause 14.9(b)(i) above) as provided in Clause 14.9(c) hereof.

The amount of such excess Net Cash Proceeds required to be applied (or to be committed to be applied) during such 360 day period as set forth in Clause 14.9(b)(i) above and not applied as so required by the end of such period shall constitute "**Excess Proceeds**".

(c) If, as of the first day of any calendar month, the aggregate amount of Excess Proceeds totals at least $10 million (or the equivalent in another currency), the Borrower must thereafter prepay the Loan, in whole or in part, to the extent and in the manner required by Clause 7.4 (*Prepayment in the event of Asset Sales*).

(d) Except as otherwise set forth in Clause 14.13 (*Issuance and Sale of Capital Stock of Restricted Subsidiaries*), (i) the sale or issuance of shares of Capital Stock of VimpelCom-Region in connection with the Second Closing and the Third Closing (as defined in the VimpelCom-Region Primary Agreement) pursuant to the terms and subject to the conditions set forth in Article II of the VimpelCom-Region Primary Agreement shall not be subject to clauses (a)(i), (b) and (c) of this Clause 14.9 and (ii) the sale or issuance of shares of Capital Stock of a Restricted Subsidiary as a result of which sale or issuance the shareholding of the Borrower or another Restricted Subsidiary, as the case may be, in such Restricted Subsidiary is not reduced, shall not be subject to clauses (b) and (c) of this Clause 14.9.

14.10 Transactions with Stockholders and Affiliates

(a) The Borrower shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, enter into, permit to exist, renew or extend any transaction or series of related transactions (including, without limitation, the purchase, sale, transfer, assignment, lease, conveyance or exchange of property or assets, or the rendering of any service) with, or for the benefit of, any Related Person of the Borrower (or any Affiliate of such Person) or with, or for the benefit of, any Affiliate of the Borrower, unless:

(i) any such transaction or series of related transactions is made upon fair and reasonable terms no less favourable to the Borrower or such Restricted Subsidiary, as the case may be, than could be obtained, at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor, in a comparable arms'-length transaction with, or for the benefit of, a Person that is not a Related Person of the Borrower (or any Affiliate of such Person) or an Affiliate of the Borrower; and

(ii) any such transaction or series of related transactions involving aggregate consideration in excess of $1 million is approved by a majority of the independent, disinterested members of the Board of Directors of the Borrower; and

(iii) in connection with any such transaction or series of related transactions involving aggregate consideration equal to or in excess of $10 million but less than $50 million, the Borrower or a Restricted Subsidiary delivers to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) a written opinion of a nationally recognized Russian investment banking firm or financial institution, which firm or institution is not at the time of such transaction or series of related transactions an Affiliate of the Borrower or such Restricted Subsidiary, stating that the transaction is fair to the Borrower or such Restricted Subsidiary from a financial point of view; and

(iv) in connection with any such transaction or series of related transactions involving aggregate consideration equal to or in excess of $50 million, the Borrower or a Restricted Subsidiary delivers to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) a written opinion of an internationally recognized investment banking firm stating that the transaction is fair to the Borrower or such Restricted Subsidiary from a financial point of view.

(b) The foregoing limitation does not limit, and shall not apply to:

(i) any transaction or series of related transactions solely between the Borrower and KB Impuls;

(ii) any transaction or series of related transactions solely between the Borrower and any of its Restricted Subsidiaries or solely between Restricted Subsidiaries of the Borrower; provided, however, that:

(1) any such transaction or series of related transactions involving aggregate consideration equal to or in excess of $10 million is made upon fair and reasonable terms no less favourable to the Borrower (or, if the relevant transaction or series of related transactions is between Restricted Subsidiaries, one of which is the direct or indirect parent of the other, then no less favourable to such parent, or if the transaction is between a non-Wholly Owned Restricted Subsidiary and a Wholly Owned Restricted Subsidiary, then no less favourable to such Wholly Owned Restricted Subsidiary) than could be obtained, at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor, in a comparable arms'-length transaction with, or for the benefit of, a Person that is not a Related Person of the Borrower (or any Affiliate of such Person) or an Affiliate of the Borrower; and

(2) any such transaction or series of related transactions involving aggregate consideration equal to or in excess of $10 million but less than $50 million must be approved by a majority of the independent, disinterested members of the Board of Directors of the Borrower; and

(3) in connection with any such transaction or series of related transactions involving aggregate consideration equal to or in excess of $50 million, the Borrower must deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) a written opinion of an internationally recognized investment banking firm stating that the transaction or series of related transactions is fair to the parties thereto from a financial point of view;

(iii) any payment of dividends, distributions or other amounts or other distributions in respect of Capital Stock of the Borrower or any Restricted Subsidiary not prohibited by Clause 14.8 (*Restricted Payments*) hereof or any Permitted Investment or any lease, service agreement or roaming agreement between the Borrower or KB Impuls and any Controlled Restricted Subsidiary;

(iv) any transaction pursuant to the VimpelCom-Region Primary Agreement and the Principal Agreements (as defined therein); and

(v) customary directors' fees, indemnification and similar arrangements, employee salaries, bonuses or employment agreements, compensation or employee benefit arrangements and incentive arrangements with any officer, director or employee of the Borrower or any Restricted Subsidiary entered into in the ordinary course of business (including customary benefits thereunder) all as determined in good faith by the Board of Directors of the Borrower.

14.11 Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

(i) pay dividends (in cash or otherwise) or make any other distributions permitted by applicable law on any Capital Stock of such Restricted Subsidiary owned by the Borrower or any other Restricted Subsidiary;

(ii) pay any Indebtedness or other obligation owed to the Borrower or to any other Restricted Subsidiary;

(iii) make loans or advances to the Borrower or any other Restricted Subsidiary;

(iv) transfer any of its property or assets to the Borrower or any other Restricted Subsidiary; or

(v) enter into service or other similar agreements with the Borrower or any other Restricted Subsidiary.

(b) The provisions of Clause 14.11(a) shall not restrict any encumbrances or restrictions:

(i) existing under an agreement in effect on the date hereof; provided, however, that the terms, conditions and scope of any such encumbrance or restriction included in any such agreement (including any agreement for Refinancing Indebtedness permitted under Clause 14.7 (*Incurrence of Indebtedness*)) may be amended only if:

(1) such amended encumbrance or restriction, when taken together with all the other encumbrances and restrictions in such agreement (as amended), will not be materially more restrictive or disadvantageous (A) to the agreed funding source or the Borrower than the encumbrance or restriction being amended or (B) to the Borrower than is customary in comparable transactions (in each case, as determined by the Borrower); and

(2) the amended terms, conditions and scope of any such amended encumbrance or restriction, when taken together with the terms, conditions and scope of all the other encumbrances and restrictions in such agreement (as amended), will not materially adversely affect the Borrower's ability to make principal or interest payments on the Loan (as determined by the Borrower);

(ii) contained in the terms of any Indebtedness Incurred in compliance with Clause 14.7 (*Incurrence of Indebtedness*) hereof or in any agreement pursuant to which such Indebtedness was issued, if:

(1) the encumbrances and restrictions in any such agreement, when taken as a whole, will not be materially more restrictive or disadvantageous to the Borrower than is customary in comparable transactions (as determined by the Borrower); and

(2) the terms, conditions and scope of any such encumbrances and restrictions in any such agreement, when taken as a whole, will not materially adversely affect the Borrower's ability to make principal or interest payments on the Loan (as determined by the Borrower);

(iii) existing under or by reason of applicable law;

(iv) existing with respect to any Person or the property or assets of such Person acquired by the Borrower or any Restricted Subsidiary and existing at the time of such acquisition and not Incurred in anticipation or in contemplation of such acquisition, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired;

(v) in the case of Clause 14.11(a)(iv),

(1) that restrict in a customary manner in the ordinary course of business the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset; or

(2) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Borrower or any Restricted Subsidiary not otherwise prohibited by this Agreement; or

(3) arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Borrower or any Restricted Subsidiary in any manner material to the Borrower or any Restricted Subsidiary; or

(4) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary; provided that consummation of such transaction would not result in a Default or an Event of Default, that such restriction terminates if such transaction is closed or abandoned and that the closing or abandonment of such transaction occurs within one year of the date such agreement was entered into.

14.12 Change of Control

Upon the occurrence of a Change of Control, the Borrower shall prepay the Loan, in whole or in part, pursuant to and subject to the conditions described in Clause 7.3, under the definition of Change of Control.

14.13 Issuance and Sale of Capital Stock of Restricted Subsidiaries

The Borrower will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock or securities convertible or exchangeable into such Capital Stock) except:

(a) that the shares of Capital Stock of (i) a Wholly Owned Restricted Subsidiary of the Borrower may be issued or sold to the Borrower or another Wholly Owned Restricted Subsidiary of the Borrower and (ii) a Controlled Restricted Subsidiary may be issued or sold to the Borrower or another Controlled Restricted Subsidiary of the Borrower; provided that, the shareholding of the Borrower or the other Controlled Restricted Subsidiary, as the case may be, in such Controlled Restricted Subsidiary is not reduced as a result of any such sale or issuance;

(b) issuances of director's qualifying shares or sales to non-Russian nationals of shares of Capital Stock of Restricted Subsidiaries not organized under the laws of the Russian Federation, to the extent required by applicable law;

(c) if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person remaining after giving effect to such issuance or sale would have been permitted to be made pursuant to Clause 14.8 (*Restricted Payments*) if made on the date of such issuance or sale; or

(d) issuances or sales of Capital Stock of a Restricted Subsidiary not described in clauses (a) through (c) above; provided that the Borrower or such Restricted Subsidiary applies the Net Cash Proceeds, if any, of any such sale in accordance with Clause 14.9(b)(i) or Clause 14.9(b)(ii) hereof; provided, further, that the Net Cash Proceeds, if any, of the issuance or sale of shares of Capital Stock of (i) VimpelCom-Region in connection with the Second Closing and the Third Closing (as defined in the VimpelCom-Region Primary Agreement) pursuant to the terms and subject to the conditions set forth in Article II of the VimpelCom-Region Primary Agreement and (ii) a Restricted Subsidiary as a result of which sale or issuance the shareholding of the Borrower or another Restricted Subsidiary, as the case may be, in such Restricted Subsidiary is not reduced, shall either be applied in accordance with Clause 14.9(b)(i) or Clause 14.9(b)(ii) hereof (without regard to the time periods set forth therein) or be kept in the form of Cash Equivalents.

14.14 Issuances of Guarantees by Restricted Subsidiaries

(a) The Borrower will not permit any Restricted Subsidiary, directly or indirectly, to Guarantee any Indebtedness of the Borrower which is equal in right of payment with or subordinated in right of payment to the Loan ("**Guaranteed Indebtedness**"), unless:

(i) such Restricted Subsidiary simultaneously executes and delivers a supplemental agreement to this Agreement providing for a Guarantee (a "**Subsidiary Guarantee**") of payment of the Loan by such Restricted Subsidiary; and

(ii) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Borrower or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee;

provided that this Clause 14.14 shall not be applicable to:

(iii) any Guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(iv) any Subsidiary Guarantee outstanding on the date hereof; or

(v) any Guarantee that is used to refinance an existing Guarantee that was Incurred in compliance with Clause 14.7 (*Incurrence of Indebtedness*).

(b) If any Guaranteed Indebtedness is (i) equal in right of payment with the Loan, then the Guarantee of such Guaranteed Indebtedness shall be equal in right of payment with, or subordinated to, the Subsidiary Guarantee; or (ii) subordinated to the Loan, then the Guarantee of such Guaranteed Indebtedness shall be subordinated to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Loan.

(c) Notwithstanding the provisions of Clause 14.14(a) or Clause 14.14(b) hereof, any Subsidiary Guarantee by a Restricted Subsidiary shall provide by its terms that it shall be automatically and unconditionally released and discharged upon (i) any sale, exchange or transfer, to any person not an Affiliate of the Borrower, of all of the Borrower's and each Restricted Subsidiary's Capital Stock in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by this Agreement); or (ii) the release or discharge of the Guarantee which resulted in the creation of such Subsidiary Guarantee, except a discharge or release by or as a result of payment under such Guarantee.

14.15 Merger, Consolidation and Sale of Assets

The Borrower shall not consolidate with, merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets to, any Person or permit any Person to merge with or into the Borrower:

(a) unless the Borrower shall be the continuing Person, or the Person (if other than the Borrower) formed by such consolidation or into which the Borrower is merged or that acquired or leased such property and assets of the Borrower (the "**Surviving Entity**") shall be a company organized and validly existing under the laws of the Russian Federation, a member of the European Union (as the European Union is constituted on the date hereof), Switzerland or a State of the United States of America or the District of Columbia, and shall expressly assume, by amendment hereto, executed and delivered by such continuing Person to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), in form and substance satisfactory to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), the due and punctual payment of the principal of and interest on the Loan, and the due and punctual performance and observance of all the covenants, conditions and other obligations of the Borrower in respect of the Loan and under this Agreement;

(b) unless, in the case of a sale, conveyance, transfer, lease or other disposal of all or substantially all of the Borrower's property and assets, such property and assets shall have been transferred as an entirety or substantially an entirety in one transaction or a series of related transactions to one Person;

(c) unless immediately before and after giving effect to such transaction or series of transactions on a pro forma basis (and treating any Indebtedness which becomes, or is anticipated to become, an obligation of the Surviving Entity or any Subsidiary thereof as a result of such transaction or series of transactions as having been incurred by the Surviving Entity or such Subsidiary at the time of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing;

(d) unless, except in the case of a merger or consolidation between the Borrower and a Restricted Subsidiary, immediately before and after giving effect to such transaction or series of transactions on a pro forma basis (and treating any Indebtedness which becomes, or is anticipated to become, an obligation of the Surviving Entity or any Subsidiary thereof as a result of such transaction or series of transactions as having been incurred by the Surviving Entity or such Subsidiary at the time of such transaction or series of transactions) the Borrower, or any Person becoming the successor obligor of the Loan, as the case may be, would be able to Incur an additional $1.00 of Indebtedness pursuant to Clause 14.7 (*Incurrence of Indebtedness*) hereof or would have a Consolidated Leverage Ratio less than the Consolidated Leverage Ratio of the Borrower immediately prior to such transaction;

(e) if, immediately after giving effect solely to such transaction or series of transactions on a pro forma basis (and treating any Indebtedness which becomes, or is anticipated to become, an obligation of the Surviving Entity or any Subsidiary thereof as a result of such transaction or series of transactions as having been Incurred by the Surviving Entity or such Subsidiary at the time of such transaction or series of transactions), a Rating Decline would occur, and such Rating Decline would not have occurred but for such transaction or series of transactions;

(f) unless the Borrower delivers to the Lender an Opinion of Counsel, in form and substance satisfactory to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), to the effect that neither the Lender nor any agreed funding source will recognize any income, gain or loss for Tax purposes from any such consolidation, merger or sale of assets of the Borrower and that the Lender and any agreed funding source would, after such consolidation, merger or sale of assets of the Borrower, be subject to Taxes in the same amounts and in the same manner and at the same times as would have been the case if such consolidation, merger or sale of assets of the Borrower had not occurred; and

(g) unless the Borrower delivers to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with Clause 14.15(d) hereof) and an Opinion of Counsel, each in form and substance satisfactory to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) and in each case stating that such consolidation, merger or transfer and such supplemental agreement comply with this provision, that all conditions precedent provided for herein relating to such transaction have been complied with and, in the event that the continuing Person is organised under the laws of the Russian Federation, a member of the European Union, Switzerland, a State of the United States of America or the District of Columbia that this Agreement and the Loan constitute legal, valid and binding obligations of the continuing Person, enforceable in accordance with their terms, subject, in the case of the Opinion of Counsel, to customary exceptions, qualifications and limitations,

provided, that Clauses 14.15(d) and (e) above shall not apply in respect of consolidations or mergers between (i) the Borrower and KB Impuls and (ii) the Borrower and VimpelCom-Region.

14.16 KB Impuls

The Borrower shall ensure, and shall cause KB Impuls to ensure, that:

(a) if the Services Agreement or the Agency Agreement is terminated, or for any other reason cease to have effect, the Borrower shall, and shall cause KB Impuls to,

(i) enter into an arrangement within 30 days of such termination or other cessation of effectiveness that provides the Borrower with substantially the same relative economic benefit as the Borrower was receiving from the Services Agreement in effect on the date hereof and the Agency Agreement or

(ii) ensure arrangements such that substantially all net revenues received by KB Impuls, after all expenses (including any taxes), interest and principal payments of debt incurred as of the date hereof, flow up from KB Impuls to the Borrower, including through repayment of loans, granting of new loans by KB Impuls to the Borrower, dividends or any other method; and

(b) the Borrower shall own all of the outstanding Capital Stock of KB Impuls or any Person (other than the Borrower) (i) with which or into which KB Impuls is consolidated or merged, (ii) to which all or substantially all of the property and assets of KB Impuls are sold, conveyed, transferred, leased or otherwise disposed, (iii) to which any telecommunications licenses of KB Impuls which is for or includes the City of Moscow and the Moscow Region, including the KB Impuls License, are assigned or otherwise transferred or (iv) which becomes the owner or acquires the right, title or interest to or in any telecommunications license that replaces or succeeds to any license described in the preceding clause (iii).

15. EVENTS OF DEFAULT

15.1 Circumstances which constitute Events of Default

Each of the following constitutes an "**Event of Default**" with respect to the Loan:

(a) default in the payment of principal of (or premium, if any, on) the Loan, in the currency and in the manner provided herein, when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest on the Loan, in the currency and in the manner provided herein, when the same becomes due and payable, and such default continues for a period of 15 calendar days;

(c) default in the performance or breach of the provisions of this Agreement applicable to mergers, consolidations and transfers of all or substantially all of the assets of the Borrower or the failure to make or prepay the Loan in accordance with Clause 14.12 (*Change of Control*) or Clause 14.9 (*Asset Sales*) hereof;

(d) default in the performance of, or breaches of, any covenant or agreement of the Borrower hereunder or under the Loan (other than a breach of a representation or warranty of the Borrower under Clause 11 (*Representations and Warranties of the Borrower*) (other than a default specified in Clause 15.1(a) through 15.1(c) above) and such default or breach continues for a period of 30 consecutive calendar days after written notice by the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, by the party designated by such agreements);

(e) default on any Indebtedness of the Borrower or any of its Subsidiaries with an aggregate principal amount in excess of $10 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) (i) resulting from the failure to pay principal or interest (in the case of interest default or a default in the payment of principal other than at its Stated Maturity, after the expiration of the originally applicable grace period) in an aggregate amount in excess of $5 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) when due or (ii) as a result of which the maturity of such Indebtedness has been accelerated prior to its Stated Maturity;

(f) any final judgment or order (not covered by insurance) for the payment of money in excess of $5 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount) in the aggregate for all such final judgments or orders against all such Persons (treating any deductibles, self-insurance or retention as not so covered) shall be rendered against the Borrower or any Significant Subsidiary and shall not be paid or discharged, and there shall be any period of 60 consecutive calendar days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed $5 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount) during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(g) any regulation, decree, consent, approval, licence or other authority necessary to enable the Borrower to enter into or perform its obligations under this Agreement or for the validity or enforceability thereof shall expire or be withheld, revoked or terminated or otherwise cease to remain in full force and effect or shall be modified in a manner which adversely affects any rights or claims of the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, of the party designated by such agreements);

(h) the validity of this Agreement is contested by the Borrower or the Borrower shall deny any of its obligations under this Agreement; or it is, or will become, unlawful for the Borrower to perform or comply with any of its obligations under or in respect of this Agreement or any of such obligations shall become unenforceable or cease to be legal, valid and binding;

(i) a decree, judgment, or order by any Agency or a court of competent jurisdiction shall have been entered adjudging the Borrower or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganisation of the Borrower or any of its Significant Subsidiaries under any bankruptcy or similar law, and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or a decree or order of a court of competent jurisdiction over the appointment of a receiver, liquidator, trustee, or assignee in bankruptcy or insolvency of the Borrower or any of its Significant Subsidiaries, or any substantial part of the assets or property of any such Person, or for the winding up or liquidation of the affairs of any such Person, shall have been entered, and such decree, judgment or order shall have remained in force undischarged and unstayed for a period of 60 days; or

(j) the Borrower or any of its Significant Subsidiaries shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganisation under any bankruptcy or similar law or similar statute, or shall consent to the filing of any such petition, or shall consent to the appointment of a custodian, receiver, liquidator, trustee or assignee in bankruptcy or insolvency of it or any substantial part of its assets or property, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall, within the meaning of any Bankruptcy Law, become insolvent, fail generally to pay its debts as they become due, or takes any corporate action in furtherance of or to facilitate, conditionally or otherwise, any of the foregoing.

15.2 Rights of Lender upon occurrence of an Event of Default

(a) If an Event of Default occurs under this Agreement and is continuing, the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) may, by written notice (an "**Acceleration Notice**") to the Borrower, if the Lender, (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) receives written instructions from the agreed funding source,

(i) declare the obligations of the Lender hereunder to be terminated, whereupon such obligations shall terminate, and

(ii) declare the principal amount of, premium, if any, and accrued and unpaid interest, Additional Amounts and Tax Indemnity Amounts, if any, on the Loan to be immediately due and payable and the same shall become immediately due and payable,

pursuant to and in accordance with the terms of any agreements entered into in connection with the agreed funding source.

(b) If an Event of Default specified in Clause 15.1(i) or (j) occurs with respect to the Borrower, the obligations of the Lender hereunder shall immediately terminate, and the principal amount of, premium, if any, and accrued and unpaid interest, Additional Amounts and Tax Indemnity Amounts, if any, on the Loan then outstanding shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, of the party designated by such agreements), all without diligence, presentment, demand of payment, protest or notice of any kind, which are expressly waived by the Borrower.

15.3 Other Remedies

If an Event of Default occurs and is continuing, the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) may pursue any available remedy to collect the payment of principal or interest on the Loan or to enforce the performance of any provision of the Loan or this Agreement. A delay or omission by the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, by the party designated by such agreements) in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

15.4 Notification of Default or Event of Default

The Borrower shall promptly on becoming aware thereof inform the Lender of the occurrence of any Default or Event of Default and, upon receipt of a written request to that effect from the Lender, confirm to the Lender that, save as previously notified to the Lender or as notified in such confirmation, no Default or Event of Default has occurred.

16. DEFAULT INTEREST AND INDEMNITY

16.1 Default Interest Periods

If any sum due and payable by the Borrower hereunder is not paid on the due date therefore in accordance with the provisions of Clause 19 (*Payments*) or if any sum due and payable by the Borrower under any judgement of any court in connection herewith is not paid on the date of such judgment, the period beginning on such due date or, as the case may be, the date of such judgment and ending on the date upon which the obligation of the Borrower to pay such sum (the balance thereof for the time being unpaid being herein referred to as an "**unpaid sum**") is discharged shall be divided into successive periods, each of which, other than the first, shall start on the last day of the preceding such period and the duration of each of which shall, except as otherwise provided in this Clause 16 (*Default Interest and Indemnity*), be selected by the Lender, but shall in any event not be longer than one month.

16.2 Default Interest

During each such period relating thereto as is mentioned in Clause 16.1 (*Default Interest Periods*) an unpaid sum shall bear interest at a rate per annum equal to the Interest Rate.

16.3 Payment of Default Interest

Any interest which shall have accrued under Clause 16.2 (*Default Interest*) in respect of an unpaid sum shall be due and payable and shall be paid by the Borrower at the end of the period by reference to which it is calculated or on such other dates as the Lender may specify by written notice to the Borrower.

16.4 Borrower's Indemnity

The Borrower undertakes to indemnify the Lender against any reasonably Incurred and properly documented cost, claim, loss, expense (including legal fees) or liability, together with any VAT thereon, which it may sustain or Incur as a consequence of the occurrence of any Event of Default or any default by the Borrower in the performance of any of the obligations expressed to be assumed by it in this Agreement.

16.5 Unpaid Sums as Advances

Any unpaid sum shall, for the purposes of this Clause 16 (*Default Interest and Indemnity*) and Clause 10.1 (*Increased Costs*), be treated as an advance and accordingly in this Clause 16 (*Default Interest and Indemnity*) and Clause 10.1 (*Increased Costs*) the term "Loan" includes any unpaid sum and the term "Interest Period," in relation to an unpaid sum, includes each such period relating thereto as is mentioned in Clause 16.1 (*Default Interest Periods*).

17. AMENDMENTS TO AGREED FUNDING SOURCE AGREEMENTS

Any amendment to, or waivers of any provision of, any agreements entered into in connection with the agreed funding source shall be prohibited without the express written consent of the Borrower, which consent shall not be unreasonably withheld (other than amendments or waivers that are made pursuant to any legal, regulatory or accounting requirement, with respect to which the Lender shall consult with the Borrower to the extent reasonably practicable).

18. CURRENCY OF ACCOUNT AND PAYMENT

18.1 Currency of Account

The U.S. dollar is the currency of account and payment for each and every sum at any time due from the Borrower hereunder.

18.2 Currency Indemnity

If any sum due from the Borrower under this Agreement or any order or judgment given or made in relation hereto has to be converted from the currency (the "**first currency**") in which the same is payable hereunder or under such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Borrower, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation hereto, the Borrower shall indemnify and hold harmless the Lender from and against any loss suffered or reasonably Incurred as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Lender may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

19. PAYMENTS

19.1 Payments to the Lender

On each date on which this Agreement requires an amount denominated in U.S. dollars to be paid by the Borrower, the Borrower shall make the same available to the Lender by payment in U.S. dollars and in same day funds on such date, or in such other funds as may for the time being be customary in London for the settlement in London of international banking transactions in U.S. dollars, to the Account. The Borrower shall procure that the bank effecting payment on its behalf confirms to the Lender or to such person as the Lender may direct by tested telex or authenticated SWIFT message three Business Days prior to the date that such payment is required to be made by this Agreement the payment instructions relating to such payment.

19.2 Alternative Payment Arrangements

If, at any time, it shall become impracticable, by reason of any action of any governmental authority or any Change of Law, exchange control regulations or any similar event, for the Borrower to make any payments hereunder in the manner specified in Clause 19.1 (*Payments to the Lender*), then the Borrower may agree with the Lender alternative arrangements for such payments to be made; provided that, in the absence of any such agreement, the Borrower shall be obliged to make all payments due to the Lender in the manner specified herein.

19.3 No Set-off

All payments required to be made by the Borrower hereunder shall be calculated without reference to any set-off or counterclaim and shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim.

20. COSTS AND EXPENSES

20.1 Transaction Expenses and Fees

The Borrower agrees to pay the Lender a certain amount in respect of its costs, fees and expenses, pursuant to the Arrangement Fee Letter.

20.2 Preservation and Enforcement of Rights

The Borrower shall, from time to time on demand of the Lender and following receipt from the Lender of a description in writing in reasonable detail of the relevant costs and expenses, together with the relevant supporting documents evidencing the matters described therein, reimburse the Lender for all costs and expenses, including legal fees, together with any VAT thereon properly Incurred in or in connection with the preservation and/or enforcement of any of its rights under this Agreement except where the relevant claim is successfully defended by the Borrower.

20.3 Stamp Taxes

The Borrower shall pay all stamp, registration and other similar Taxes to which this Agreement or any judgement given against the Borrower in connection herewith is or at any time may be subject and shall, from time to time on demand of the Lender, indemnify the Lender against any properly documented liabilities, costs, expenses and claims resulting from any failure to pay or any delay in paying any such Tax.

20.4 Lender's Costs

The Borrower shall, from time to time on demand of the Lender, and without prejudice to the provisions of Clause 20.2 (*Preservation and Enforcement of Rights*), compensate the Lender at such daily and/or hourly rates as the Lender shall from time to time reasonably determine for the time and expenditure, all costs and expenses (including telephone, fax, copying, travel and personnel costs) reasonably Incurred and properly documented by the Lender in connection with its taking such action as it may deem appropriate or in complying with any request by the Borrower in connection with:

(a) the granting or proposed granting of any waiver or consent requested hereunder by the Borrower;

(b) any actual breach by the Borrower of its obligations hereunder; or

(c) any amendment or proposed amendment hereto requested by the Borrower.

21. ASSIGNMENTS AND TRANSFERS

21.1 Binding Agreement

This Agreement shall be binding upon and inure to the benefit of each party hereto and its or any subsequent successors and assigns.

21.2 No Assignments and Transfers by the Borrower

The Borrower shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder except as permitted under Clause 14.15 (*Merger, Consolidation and Sale of Assets*).

21.3 Assignments by the Lender

(a) Prior to an Event of Default, the Lender may (i) on or at any time after the date hereof assign all or any of its rights and benefits hereunder or transfer all or any of its rights, benefits and obligations hereunder (save for (x) its rights to principal, interest and other amounts paid and payable under this Agreement and (y) its right to receive amounts paid and payable under any claim, award or judgment relating to this Agreement in favour of the agreed funding source) to or on behalf of the agreed funding source and (ii) subject to the prior written consent of the Borrower (such consent not to be unreasonably withheld or delayed) and except as may be otherwise specifically provided under the agreements entered into in connection with the agreed funding source, assign all or any of its rights and benefits hereunder or transfer all or any of its rights, benefits and obligations hereunder to any company which, as a result of any amalgamation, merger or reconstruction or which, as a result of any agreement with the Lender, or any previous substitute, owns beneficially the whole or substantially the whole of the undertaking, property and assets owned by the Lender prior to such amalgamation, merger, reconstruction or agreement coming into force and where, in the case of any company which will own the whole or substantially the whole of the undertaking, property or assets of the Lender, the substitution of that company as principal debtor in relation to the agreed funding source would not be materially prejudicial to the interests of the agreed funding source or the Borrower. Any reference in this agreement to any such assignee or transferee pursuant to subclause (ii) of this Clause 21.3(a) shall be construed accordingly and, in particular, references to the rights, benefits and obligations hereunder of the Lender, following such assignment or transfer, shall be references to such rights, benefits or obligations by the assignee or transferee.

(b) On or following an Event of Default, the Lender may, by notice to the Borrower, assign all or any of its rights and benefits hereunder or transfer all or any of its rights, benefits and obligations hereunder to the agreed funding source, or any assignee or transferee appointed in connection with the agreed funding source. Any reference in this agreement to any such assignee or transferee shall be construed accordingly and, in particular, references to the rights, benefits and obligations hereunder of the Lender, following such assignment or transfer, shall be references to such rights, benefits or obligations by the assignee or transferee appointed in connection with the agreed funding source.

22. CALCULATIONS AND EVIDENCE OF DEBT

22.1 Basis of Accrual

Default interest shall accrue from day to day and shall be calculated on the basis of a year of 360 days consisting of 12 30-day months.

22.2 Evidence of Debt

The Lender shall maintain, in accordance with its usual practice, accounts evidencing the amounts from time to time lent by and owing to it hereunder; in any legal action or proceeding arising out of or in connection with this Agreement, in the absence of manifest error and subject to the provision by the Lender to the Borrower of written information describing in reasonable detail the calculation or computation of such amounts together with the relevant supporting documents evidencing the matters described therein, the entries made in such accounts shall be conclusive evidence of the existence and amounts of the obligations of the Borrower therein recorded.

22.3 Change of Circumstance Certificates

A certificate signed by two authorised signatories of the Lender describing in reasonable detail (a) the amount by which a sum payable to it hereunder is to be increased under Clause 8.1 (*Additional Amounts*) or (b) the amount for the time being required to indemnify it against any such cost, payment or liability as is mentioned in Clause 8.3 (*Tax Indemnity*) or Clause 10.1 (*Increased Costs*) shall, in the absence of manifest error, be *prima facie* evidence of the existence and amounts of the specified obligations of the Borrower.

23. REMEDIES AND WAIVERS, PARTIAL INVALIDITY

23.1 Remedies and Waivers

No failure by the Lender to exercise, nor any delay by the Lender in exercising, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

23.2 Partial Invalidity

If, at any time, any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

24. NOTICES; LANGUAGE

24.1 Communications in Writing

Each communication to be made hereunder shall be made in writing and, unless otherwise stated, shall be made by fax, telex, or letter.

24.2 Delivery

Any communication or document to be made or delivered by one person to another pursuant to this Agreement shall, unless that other person has by 15 calendar days' written notice to the same specified another address, be made or delivered to that other person at the address identified with its signature below and shall be effective upon receipt by the sender of the addressee's answerback at the end of transmission (in the case of a telex) or when left at that address (in the case of a letter) or when received by the addressee (in the case of a fax). Provided that any communication or document to be made or delivered by one party to the other party shall be effective only when received by such other party and then only if the same is expressly marked for the attention of the department or officer identified with the such other party's signature below, or such other department or officer as such other party shall from time to time specify for this purpose.

24.3 Language

This Agreement shall be signed in English. Each communication and document made or delivered by one party to another pursuant to this Agreement shall be in the English language or accompanied by a translation thereof into English certified by an officer of the person making or delivering the same as being a true and accurate translation thereof.

25. LAW AND JURISDICTION

25.1 English Law

This Agreement is governed by, and shall be construed in accordance with, English law.

25.2 English Courts

Each of the Lender and the Borrower agrees that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which arise out of or in connection with this Agreement ("**Proceedings**") and, for such purposes, irrevocably submit to the jurisdiction of such courts.

25.3 Appropriate Forum

Each of the Lender and the Borrower irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

25.4 Service of Process

The Lender and the Borrower agree that the process by which any Proceedings in England are begun may be served on them by being delivered to J.P. Morgan Securities Ltd. and Law Debenture Corporate Services Limited, respectively, or their registered offices for the time being. If any such Person mentioned in this Clause is not or ceases to be effectively appointed to accept service of process on the Lender's behalf, the Lender shall immediately appoint a further Person in England to accept service of process on its behalf. If such Person mentioned in this Clause is not or ceases to be effectively appointed to accept service of process on the Borrowers' behalf, the Borrower shall immediately appoint a further Person in England to accept service of process on its behalf. Nothing in this Clause shall affect the right of either party hereto to serve process in any other manner permitted by law.

25.5 Non-exclusivity

The submission to the jurisdiction of the English courts in accordance with Clause 25.2 hereof shall not, and shall not be construed so as to, limit the right of any party hereto to take Proceedings in any other court of competent jurisdiction.

25.6 Consent to Enforcement, etc.

Each of the Lender and the Borrower consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever, irrespective of its use or intended use, of any order or judgement which is made or given in such Proceedings.

25.7 Arbitration

If any dispute or difference of whatever nature howsoever arises from or in connection with this Agreement, or any supplement, modifications or additions thereto, (each a "**Dispute**"), the Lender may elect, by notice to the Borrower, to settle such claim by arbitration in accordance with the following provisions. The Borrower hereby agrees that (regardless of the nature of the Dispute) any Dispute may be settled by arbitration in accordance with the UNCITRAL Arbitration Rules (the "**Rules**") as at present in force by a panel of three arbitrators appointed in accordance with the Rules. The seat of any reference to arbitration shall be London, England. The procedural law of any reference to arbitration shall be English law. The language of any arbitral proceedings shall be English. The appointing authority for the purposes set forth in Articles 7(2) and 7(3) of the Rules shall be the London Court of International Arbitration.

25.8 Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

25.9 Counterparts

This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first before written.

SIGNATURE PAGE

Borrower

OPEN JOINT STOCK COMPANY – "VIMPEL-COMMUNICATIONS"

By: /s/ Jo Lunder
Title: Chief Executive Officer

By: /s/ Dmitry Steshchenko
Title: Chief Accountant

Ulitsa 8 Marta 10
Building 14
127083 Moscow
Russian Federation

Lender

J.P. Morgan AG

By: /s/ Annet Taminga
Title: Vice President

Grüneburgweg 2
60322 Frankfurt am Main
Federal Republic of Germany

SCHEDULE I

VimpelCom Project Services Limited

VimpelCom Option Project Limited

Elwicom SA

Closed Joint Stock Company "CMS-Lipetsk"

Closed Joint Stock Company "CMS-Kaluga"

Closed Joint Stock Company "CMS-Tula"

Closed Joint Stock Company "CMS-Smolensk"

Closed Joint Stock Company "CMS-Ryazan"

Closed Joint Stock Company "CMS-Nizhniy – Novgorod"

Closed Joint Stock Company "Variant-Inform"

Closed Joint Stock Company "Makrocom"

Open Joint Stock Company "Bee Line-TV"

Open Joint Stock Company "Bee Line-Vladimir"

Open Joint Stock Company "Center Sotovoy Svyazi"

Closed Joint Stock Company "Volzhskaya Svyaz Saratov"

Limited Liability Company "Orasoft"

Closed Joint Stock Company "MOKOM"

Limited Liability Company "MBL-Press"

Filename: d56093_ex2-4.htm

Type: EX-2.4

Comment/Description: Trust Deed

(this header is not part of the document)

EXHIBIT 2.4

DATED 26 April 2002

J.P. MORGAN AG

- and -

THE BANK OF NEW YORK

TRUST DEED

$ 250,000,000 10.45 per cent.
Loan Participation Notes due 2005

Skadden, Arps, Slate, Meagher & Flom LLP
One Canada Square
Canary Wharf
London
E14 5DS

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THIS TRUST DEED is made the 26th day of April, 2002

BETWEEN:

(1) **J.P. MORGAN AG**, a bank established under the laws of the Federal Republic of Germany, whose registered office is Grüneburgweg 2, 60322 Frankfurt am Main, Republic of Germany (hereinafter called the "**Issuer**"); and

(2) **THE BANK OF NEW YORK**, whose principal office is at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom.

WHEREAS:

(A) The Issuer has authorised the issue of $250,000,000 in aggregate principal amount of 10.45 per cent. loan participation notes due 2005 (the "**Notes**"), the said Notes to be constituted on the terms hereinafter appearing, for the sole purpose of financing a loan of an aggregate principal amount of $250,000,000 to Open Joint Stock Company "Vimpel-Communications" (the "**Borrower**"). The Issuer and the Borrower have recorded the terms of the loan in a loan agreement as hereinafter referred to.

(B) The Bank of New York has agreed to act as trustee of these presents upon the terms and subject to the conditions hereinafter contained.

(C) By virtue of the security interest the terms of which are hereinafter set out, the Issuer is charging and transferring all its present and future rights and interests in respect of the said Loan (except only as expressly provided herein) and the Account (as hereinafter defined) to the Trustee as security for the payment obligations of the Issuer hereinafter set out and under the Notes.

NOW THIS TRUST DEED WITNESSES AND IT IS HEREBY DECLARED as follows:

1. DEFINITIONS

(A) In these presents, unless there is something in the subject or context inconsistent therewith, the expressions following shall have the meanings hereinafter mentioned (that is to say):

"**Account**" means the account designated No. 24498502 in the name of the Issuer with JPMorgan Chase Bank;

"**Agency Agreement**" means the agency agreement dated 26 April 2002 among the Issuer, the Trustee, the Principal Paying Agent, the Paying Agents, the Registrar and the Transfer Agents together with any agreement for the time being in force amending or modifying with the prior written approval of the Trustee the aforesaid agreement;

"**Agents**" means the Principal Paying Agent, any other Paying Agent, the Registrar and the Transfer Agents and "**Agent**" means any of them;

"**Appointee**" means any Receiver, delegate or agent appointed pursuant to the provisions of these presents;

"**Asset Sale Offer**" has the meaning ascribed thereto in the Loan Agreement;

"**Borrower's Certificate**" means a certificate of two authorised signatories of the Borrower who are legally empowered to sign such documents;

"**business day**" has the meaning ascribed thereto in the Loan Agreement;

"**Change of Control Offer**" has the meaning ascribed thereto in the Loan Agreement;

"**Charge**" has the meaning ascribed thereto in Clause 4(A);

"**Charged Property**" means the property subject to the Charge;

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme;

"**Conditions**" means the terms and conditions endorsed on the Individual Note Certificates, in the form or substantially in the form set out in the Second Schedule, as any of the same may, from time to time, be modified in accordance with these presents and any reference in these presents to a particular numbered Condition shall be construed accordingly;

"**Disputes**" has the meaning ascribed thereto in Clause 28;

"**DTC**" means The Depository Trust Company;

"**Euroclear**" means Euroclear S.A./N.V., as operator of the Euroclear System;

"**Event of Default**" has the meaning ascribed thereto in the Loan Agreement;

"**Extraordinary Resolution**" has the meaning ascribed thereto in paragraph 20 of the Fourth Schedule;

"**Fee Letter**" has the meaning ascribed thereto in Clause 29;

"**Global Note Certificates**" means the Restricted Global Note Certificate and the Unrestricted Global Note Certificate and "**Global Note Certificate**" means either of them;

"**Individual Note Certificates**" means the Note Certificates in definitive, fully registered form, without coupons, substantially in the form set out in the Second Schedule and includes any replacement Individual Note Certificates issued pursuant to Condition 9;

"**Initial Expenses**" has the meaning ascribed thereto in Clause 29;

"**Loan**" means the loan to the Borrower referred to in Recital (A) above made upon and subject to the terms, conditions and provisions of the Loan Agreement;

"**Loan Agreement**" means the loan agreement dated 23 April, 2002 between the Borrower and the Issuer as lender relating to the Loan as such may be amended, supplemented or modified from time to time;

"**Management Board**" means the Management Board (*Vorstand*) of the Issuer;

"**Noteholder**" means the person or persons in whose name or names a Note is registered in the Register; and the words "**holder**" and "**holders**" and related expressions shall (where appropriate) be construed accordingly;

"**Note Certificate**" means, together, the Global Note Certificates and the Individual Note Certificates;

"**Notes**" means the registered notes of the Issuer comprising the $250,000,000 aggregate principal amount 10.45 per cent. loan participation notes due 2005 to be issued hereunder;

"**outstanding**" means all the Notes issued other than (i) those which have been redeemed or repurchased in accordance with these presents, (ii) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest payable in respect thereof) have been duly paid to the Trustee in the manner provided in these presents or to the Principal Paying Agent in the manner provided in the Agency Agreement and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Condition 14 and remain available for payment in accordance with the Conditions, (iii) those which have been purchased and cancelled in accordance with Condition 5; and (iv) those which have become void under Condition 8;

PROVIDED THAT for the purpose of:

(a) ascertaining the right to attend and vote at any meeting of the Noteholders or to execute a Written Resolution;

(b) the determination of how many Notes are outstanding for the purposes of Clause 7;

(c) the exercise of any discretion, power or authority which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders; and

(d) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders,

those Notes which are for the time being held by or on behalf of the Issuer, the Borrower or any subsidiary of the Borrower, any holding company of the Borrower or of any subsidiary of the Borrower or any other subsidiary of such holding company in each case as beneficial owner, shall (unless and until ceasing to be so retained) be deemed not to be outstanding;

AND PROVIDED THAT for the purpose of ascertaining the right to pass an Extraordinary Resolution in respect of business concerning matters other than those set forth in the proviso to paragraph 18 of Schedule 4 to these presents those Notes which are for the time being held by or on behalf of any shareholder of the Borrower shall (unless and until ceasing to be so retained) be deemed not to be outstanding where such Extraordinary Resolution would otherwise be passed by a majority solely comprising of votes of such shareholders;

"**Paying Agent**" means J.P. Morgan Bank Luxembourg, S.A., at its specified office in Luxembourg, or if applicable, any additional or successor paying agent for the Notes as may from time to time be appointed by the Issuer (or, following the creation of the Security Interests hereunder, by the Trustee on behalf of the Issuer);

"**Principal Paying Agent**" means JPMorgan Chase Bank at its specified office in London or, if applicable, any successor principal paying agent for the Notes as may from time to time be appointed by the Issuer (or, following the creation of the Security Interests hereunder, by the Trustee on behalf of the Issuer);

"**Receiver**" has the meaning ascribed thereto in Clause 4(J);

"**Register**" means the register for the Notes maintained by the Registrar;

"**Registrar**" means J.P. Morgan Bank Luxembourg S.A. at its specified office in Luxembourg or, if applicable, any successor registrar as may from time to time be appointed by the Issuer (or, following the creation of the Security Interests hereunder, by the Trustee on behalf of the Issuer);

"**Relevant Event**" means the earlier of the failure by the Issuer to make any payment of principal or interest on the Notes when due, the filing of an application for the institution for bankruptcy, insolvency or composition proceedings over the assets of the Issuer in Germany, the filing of a notice of the Issuer with the Federal Banking Supervisory Authority *(Russian text was illegible)* pursuant to Section 46b of the German Banking Act *(Russian text was illegible)*, the issuance of any orders by the Federal Banking Supervisory Authority with respect to the Bank pursuant to Section 47 of the German Banking Act, including a moratorium, or the taking of any action in furtherance of the dissolution *(Russian text was illegible)* of the Issuer;

"**repay**", "**redeem**", "**prepay**" and "**pay**" shall each include all the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**", "**prepaid**", "**prepayable**" and "**prepayment**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

"**Receiver**" has the meaning ascribed thereto in Clause 4(5);

"**Repayment Date**" has the meaning ascribed thereto in the Loan Agreement;

"**Reserved Rights**" are the rights and benefits excluded from the Charge, being the Issuer's right to amounts in respect of any rights, interests and benefits in respect of the Issuer under the following clauses of the Loan Agreement: Clause 7.6, second sentence thereof; Clause 8.3(a); Clause 10; Clause 11; Clause 21; and (to the extent that the Issuer's claim is in respect of one of the aforementioned clauses of the Loan Agreement) Clause 8.2; and Clause 19.2;

"**Restricted Global Note Certificate**" means the permanent Global Note Certificate in fully registered form, without coupons, substantially in the form set out in the First Schedule Part A and includes any replacements for the Restricted Global Note Certificate issued pursuant to Condition 9;

"**Security Interests**" means the security interest created under Clause 4(A) and 4(B);

"**Substitute**" has the meaning ascribed thereto in Clause 18(A);

"**Successor**" means any company incorporated, domiciled or resident in a member state of the European Union which, it has been demonstrated to the satisfaction of the Trustee, has a rating assigned to it by an internationally recognised rating agency at least equal to the higher rating of the Issuer or its holding company, or any previous substitute under Clause 18 (*Substitution*), prior to the substitution under Clause 18 (*Substitution*);

"**The Stock Exchange**" means the Luxembourg Stock Exchange;

"**these presents**" means this Trust Deed and Schedules and the Notes and the Conditions (as from time to time modified in accordance with the provisions herein contained) and includes any deed or other document executed in accordance with the provisions hereof (as from time to time modified as aforesaid) and expressed to be supplemental hereto and the schedules (if any) thereto;

"**Transfer Agent**" means each of J.P. Morgan Bank Luxembourg S.A., at its specified office in Luxembourg and JPMorgan Chase Bank, at its specified office in New York, or, if applicable, any successor transfer agent as may from time to time be appointed by the Issuer (or, following the creation of the Security Interests, by the Trustee on behalf of the Issuer);

"**Transferred Rights**" means the rights and benefits transferred to the Trustee in Clause 4(B);

"**trust corporation**" means a trust corporation (as defined in the Law of Property Act 1925) or a body corporate entitled pursuant to any other legislation applicable to a trustee in any United States of America or Western European jurisdiction other than England and Wales to act as trustee and carry on trust business under the laws of the jurisdiction of its incorporation;

"**Trustee**" means The Bank of New York or any other trustee or trustees for the time being of these presents;

"**Trustee Acts**" mean both the Trustee Act 1925 and Trustee Act of 2000 of England and Wales;

"**Unrestricted Global Note Certificate**" means the permanent Global Note Certificate in fully registered form, without coupons, substantially in the form set out in the First Schedule Part B and includes any replacements for the Unrestricted Global Note Certificate issued pursuant to Condition 9; and

"**Written Resolution**" means a resolution in writing signed by or on behalf of all holders of outstanding Notes who for the time being are entitled to receive notice of a meeting in accordance with the provisions of these presents whether contained in one document or several documents in like form, each signed by or on behalf of one or more of such holders of the outstanding Notes.

(A) In these presents references to:

(i) any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment;

(ii) payments in respect of the Notes shall be deemed also to include references to any additional amounts which may be payable pursuant to the Conditions;

(iii) costs, charges or expenses shall include any value added tax or similar tax charged or chargeable in respect thereof;

(iv) words denoting the masculine gender shall include the feminine gender also, words denoting persons only shall include companies, corporations and partnerships and words importing the singular number only shall include the plural and in each case vice versa;

(v) "**dollars**" and **"$"** shall be construed as references to the lawful currency from time to time of the United States of America; and

(vi) any action, remedy or method of judicial proceeding for the enforcement of rights of creditors shall be deemed to include, in respect of any jurisdiction other than England, references to such action, remedy or method of judicial proceeding for the enforcement of rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of judicial proceeding described or referred to in these presents.

(B) Save where the contrary is intended, any reference herein to this Trust Deed, the Loan Agreement or any other agreement or document shall, subject to the agreement of the parties hereto, be construed as a reference to this Trust Deed, the Loan Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented.

(C) References in this Trust Deed to Schedules, Clauses, sub-clauses, paragraphs and sub-paragraphs shall be construed as references to the Schedules to this Trust Deed and to the Clauses, sub-clauses, paragraphs and sub-paragraphs of this Trust Deed, respectively. The Schedules are part of this Trust Deed and shall be incorporated herein.

(D) Unless the context otherwise requires or the same are otherwise in these presents defined, words and expressions contained in these presents shall bear the same meanings as in the Companies Act 1985 of Great Britain.

(E) The Table of Contents and the headings are inserted herein only for convenience and shall not affect the construction hereof.

2. AMOUNT OF THE NOTES AND PAYMENTS THEREON

(A) Subject to the provisions of Clause 26 and to the delivery of Note Certificates by the Registrar that the Issuer has determined to issue as a replacement for a Note Certificate pursuant to the provisions of Clause 6.1 of the Agency Agreement, the sum of the aggregate face amount of the Notes is limited to $250,000,000.

(B) The Issuer will apply the proceeds of the issue of the Notes for the sole purpose of financing the Loan subject to and on the terms of the Loan Agreement.

(C) Subject always to the provisions hereof and to sub-clause (D) of this Clause, as and when the Notes or any of them become due to be redeemed, repurchased or repaid in accordance with these presents, the Issuer shall (subject to the receipt of the relevant funds from the Borrower) pay or procure to be paid to or to the order of the Trustee in dollars in same day freely transferable funds amounts corresponding to principal in respect of the Notes becoming due for redemption, repurchase or repayment on that date equivalent to principal actually received (and not required to be repaid) under the Loan Agreement and shall (subject to the provisions hereof and to sub-clause (D) as aforesaid) until all such payments (as well after as before any judgment or other order of any court of competent jurisdiction) are duly made pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates and in the manner provided for in the Conditions amounts corresponding to interest in respect of the Notes (including any default interest under Condition 4(b)) equivalent to interest actually received under the Loan Agreement *pro rata* according to the principal amount of each Note so redeemed, repurchased or repaid and on the date of, and in the currency of, and subject to the conditions attaching to, the equivalent payment under the Loan Agreement, as provided in the Conditions PROVIDED THAT (i) every payment of an amount corresponding to principal or interest in respect of Notes made to, or to the order of, the Trustee or to the Principal Paying Agent in each case pursuant to Clause 11(A) and every payment of an amount corresponding to principal or interest in respect of Notes made to or to the account of the Principal Paying Agent in the manner provided in the Agency Agreement shall be in satisfaction *pro tanto* of the relevant covenant by the Issuer contained in this Clause and (ii) in the case of any payment made after the due date, payment shall be deemed not to have been made until the full amount due has been received by the Trustee or the Principal Paying Agent. Unless the Trustee otherwise requires following a Relevant Event, all payments by the Issuer pursuant to this sub-clause (C) shall be made to the Account.

The person(s) in whose name any Note is registered in the Register shall (to the fullest extent permitted by applicable law) be treated at all times for the purpose of making payments and all other purposes as the absolute holder of such Note (whether or not such Note is overdue and notwithstanding any notice which any person may have of the right, title, interest or claim of any other person thereto). A Noteholder will be recognised by the Issuer, the Trustee and each Agent as entitled to its Note free from any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Noteholder. Payment as described in Condition 6 shall operate as a good discharge of the Issuer as against such Noteholder and all previous holders of such Note. All persons are required by the Issuer and the Trustee to act accordingly and the holder for the time being of each Note shall act accordingly.

(D) The obligations of the Issuer under sub-clause (C) of this Clause are solely to make payments of amounts in aggregate equivalent to each sum actually received by or for the account of the Issuer from the Borrower in respect of principal or, as the case may be, interest pursuant to the Loan Agreement the right to receive which is, *inter alia*, being charged to the Trustee by virtue of the Charge as security for the Issuer's payment obligations under these presents. Noteholders must therefore rely solely and exclusively upon the covenant to pay under the Loan Agreement and the credit and financial standing of the Borrower.

(E) At any time after any Relevant Event shall have occurred, the Trustee may:

(a) by notice in writing to the Issuer, the Principal Paying Agent, any other Paying Agents, the Registrar and the Transfer Agents require any such Agent:

(i) to act thereafter, until otherwise instructed by the Trustee, as the Principal Paying Agent, the Paying Agents, the Registrar and the Transfer Agents, respectively, of the Trustee *mutatis mutandis* on the terms provided in the Agency Agreement (save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of each such Agent shall be limited to the amounts for the time being held by the Trustee on the trusts of these presents and available to the Trustee for such purpose) and thereafter to hold all Note Certificates and all sums, documents and records held by them in respect of the Notes on behalf of the Trustee; or

(ii) to deliver up all Note Certificates and all sums, documents and records held by them in respect of the Notes to the Trustee or as the Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any documents or records which the relevant Agent is obliged not to release by any law or regulation; and

(b) by notice in writing to the Issuer and the Principal Paying Agent require the Issuer to make all subsequent payments in respect of the Notes to or to the order of the Trustee and not to the Account or the Principal Paying Agent and with effect from the receipt of any such notice to the Issuer and the Principal Paying Agent and until such notice is withdrawn, proviso (i) to sub-clause (C) of this Clause insofar as it relates to the Principal Paying Agent will cease to have effect.

(F) Unless previously prepaid or repaid, the Borrower will be required to repay the Loan (together with any outstanding interest or additional amounts) on the Repayment Date and, subject to such repayment and to any amounts repaid on such date in respect of the Reserved Rights, all the Notes then outstanding will on that date be redeemed or repaid by the Issuer at their principal amount (together with any outstanding interest or additional amounts).

(G) If the Loan should become repayable (and be repaid), otherwise than as provided in sub-clause (F) above, pursuant to the Loan Agreement prior to the Repayment Date (save for such repayments in respect of a change of control of the Borrower or the sale of assets of the Borrower pursuant to Clauses 7.3 and 7.4 respectively of the Loan Agreement and, in each case, where the Loan has not otherwise become repayable in whole), all Notes then outstanding shall thereupon become due and redeemable or repayable in accordance with the Conditions (together with any outstanding interest or additional amounts). In respect of repayments under Clauses 7.3 and 7.4 of the Loan Agreement pursuant to a change of control or a sale of assets, respectively, in each case of the Borrower, such Notes (or portions thereof) that have been properly tendered and not properly withdrawn by the Noteholders pursuant to Conditions 5(c) or (d) shall thereupon become due and repayable in accordance with the Conditions (together with any outstanding interest or additional amounts thereon).

3. GLOBAL NOTE CERTIFICATES; INDIVIDUAL NOTE CERTIFICATES; STATUS

(A) The Notes shall be represented by the Restricted Global Note Certificate which the Issuer shall issue to a custodian and the Unrestricted Global Note Certificate which the Issuer shall issue to a depositary common to both Euroclear and Clearstream, Luxembourg or to a nominee of such common depositary. The Restricted Global Note Certificate and the Unrestricted Global Note Certificate shall be printed or typed in the form or substantially in the form set out in the First Schedule Parts A and B respectively. The Global Note Certificates shall be in the aggregate principal amount of $250,000,000 and shall be signed manually or in facsimile by one member of the Management Board of the Issuer and shall be authenticated by or on behalf of the Registrar. The Issuer may use on the Global Note Certificates a facsimile signature of a member of the Management Board of the Issuer notwithstanding the fact that when such Global Note Certificates shall be delivered any such person shall have ceased to hold such office provided that such person held such office at the date on which such Global Note Certificates is expressed to be issued. Each Global Note Certificate so executed shall be a binding and valid obligation of the Issuer.

The Global Note Certificates shall be in fully registered form, registered in the name of a nominee for DTC, in respect of the Restricted Global Note Certificate, and registered in the name of the common depositary, for Euroclear and Clearstream, Luxembourg, or its nominee, in respect of the Unrestricted Global Note Certificate.

Individual Note Certificates shall not be issued except in the limited circumstances provided in the Global Note Certificate. If issued, such Individual Note Certificates shall be substantially in the form set forth in the Second Schedule hereto, bear the applicable legends provided herein and be endorsed with the Conditions. The Individual Note Certificates shall be signed in the manner provided for in the Global Note Certificates.

The Issuer, in issuing the Notes, may use "CUSIP" numbers, "private placement" numbers, "ISIN" numbers, "Common Code" numbers and/or similar designations (if then generally in use) and, if so, the Trustee shall indicate any such number and designation of Notes in notices of redemption and related materials as convenience to Holders provided that the Trustee shall have no liability and makes no representation in respect of the correctness or accuracy of any such number or designation contained in any notice of redemption and related materials.

Subject to Condition 5(d), Notes shall be held in minimum holdings in the aggregate principal amount of $100,000 and integral multiples of $1,000 in excess thereof.

Title to the Global Note Certificates and, if Individual Note Certificates are issued, Individual Note Certificates, passes by registration of transfer in the Register. All Individual Note Certificates and any Global Note Certificate issued upon any registration of a transfer or exchange of Individual Note Certificates or the Global Note Certificates (as the case may be) shall be the valid obligations of the Issuer, evidencing the same obligation, and entitled to the same benefits under this Trust Deed, as the Individual Note Certificates or the Global Note Certificates (as the case may be) surrendered upon such registration of the transfer or exchange.

Every Individual Note Certificate and each Global Note Certificate presented or surrendered for registration of a transfer or for exchange shall be accompanied by the endorsed form of transfer (including any certification as to compliance with restrictions required under the Agency Agreement) duly executed, by the holder thereof or his attorney duly authorised in writing.

Noteholders have notice of and have accepted the Conditions including, without limitation, the provisions of Condition 1.

(B) The Notes rank *pari passu* and rateably without any preference or priority among themselves but the payment obligations of the Issuer in respect thereof are solely as defined in these presents.

4. SECURITY INTERESTS

(A) The Issuer with full title guarantee hereby charges by way of first fixed security (the "**Charge**") in favour of the Trustee for itself and as trustee for the Noteholders to secure the payment to the Trustee of all amounts due in respect of the Notes pursuant to the Conditions and all other moneys payable under these presents:

(i) all its rights to principal, interest and other amounts now or hereafter paid and payable by the Borrower to the Issuer as lender under the Loan Agreement;

(ii) its right to receive all sums which may be paid or be or become payable by the Borrower under any claim, award or judgment relating to the Loan Agreement; and

(iii) all its rights, title and interest in and to all sums of money now or in the future deposited in the Account and the debts represented thereby (other than interest from time to time earned thereon),

PROVIDED THAT (a) for the avoidance of doubt the Issuer shall remain legal and beneficial owner of the Charged Property following the creation of the Charge up to the occurrence of, but save in respect of the Reserved Rights, a Relevant Event, if any and (b) in the case of paragraphs (i), (ii) and (iii) above, there shall be excluded from the Charge the Reserved Rights and any amounts relating to the Reserved Rights.

(B) Other than (a)(i) all the rights of the Issuer to principal, interest and other amounts now or hereafter paid and payable by the Borrower to the Issuer as lender under the Loan Agreement, (ii) the Issuer's right to receive all sums which may be paid or be or become payable by the Borrower under any claim, award or judgment relating to the Loan Agreement and (iii) all the rights, title and interest of the Issuer in and to all sums of money now or in the future deposited in the Account and the debts represented thereby (other than interest from time to time earned thereon) which are charged to the Trustee by way of security under sub-clause (A) above, (b) the Reserved Rights and (c) any amounts relating to the Reserved Rights, the Issuer with full title guarantee hereby transfers to the Trustee for itself and as trustee for the Noteholders all its rights, interests and benefits, both present and future of the Issuer as lender under or pursuant to the Loan Agreement (including, without limitation, the right to declare the Loan immediately due and payable and to take proceedings to enforce the obligations of the Borrower thereunder).

(C) Forthwith upon the execution of this Trust Deed the Issuer shall give written notice (a) to the Borrower in the form set out in Part A of the Fifth Schedule of the Charge set out in paragraphs (i) and (ii) of sub-clause (A) and of the transfer set out in sub-clause (B) and (b) to the Principal Paying Agent in the form set out in Part C of the Fifth Schedule of the Charge set out in paragraph (iii) of sub-clause (A) and shall use its best endeavours to procure the Borrower and the Principal Paying Agent give to the Trustee the acknowledgements thereof in the forms set out in Parts B and D respectively of the Fifth Schedule PROVIDED THAT if the Issuer shall have paid all sums stated in sub-clause (A) to be secured by the Charge therein set out, the Trustee will at any time thereafter at the request and expense of the Issuer release the Charged Property, details of which are set out above, to the Issuer, or as the Issuer shall direct, and shall release to the Issuer, or as the Issuer shall direct, any sums received by it in respect thereof and still held by it after such payment and discharge.

(D) The Issuer (save as expressly provided in these presents and the Loan Agreement or with the consent of the Trustee) shall not charge, pledge or otherwise deal with the Loan or the Charged Property or Transferred Rights or any right or benefit either present or future arising under or in respect of the Loan Agreement or the Account (other than the Reserved Rights) or any part thereof or any interest therein or purport to do so. Save as otherwise expressly provided in these presents, no proprietary or other direct interest in the Issuer's rights under or in respect of the Loan Agreement, the Account, the Loan or the Charged Property or Transferred Rights exists for the benefit of the Noteholders.

(E) Until a Relevant Event shall have occurred, the Issuer shall, subject to the security created by the Charge in sub-clause (A), be entitled to receive the interest on and any principal of the Loan.

(F) The Trustee shall not be obliged to insure or to procure the insurance of any Charged Property and shall have no responsibility or liability arising from the fact that any Charged Property is held in safe custody by any bank or custodian selected by the Issuer with the consent of the Trustee and nor does the Trustee have responsibility for monitoring the adequacy or otherwise of the insurance arrangements for the Charged Property.

(G) In the event that an Event of Default or a Relevant Event has occurred and is continuing, the Trustee may, and shall if requested to do so by holders of at least one-quarter in principal amount of the Notes outstanding or if directed to do so by an Extraordinary Resolution and, in either case, subject to it being secured and/or indemnified to its satisfaction, (1) require the Issuer to declare all amounts payable under the Loan Agreement by the Borrower to be due and payable (in the case of an Event of Default), or (2) enforce the security created by these presents (in the case of a Relevant Event). After a Relevant Event shall have occurred and is continuing, the Trustee shall be entitled to the interest on and any principal of the Loan and may call in, collect, sell, convert or otherwise deal with the Loan (pursuant to its terms) and the Charged Property and any interest thereon or other moneys due under the Loan Agreement or in respect of the Account in such manner as the Trustee thinks fit, and may take such actions or proceedings in connection therewith as it considers appropriate, and the Trustee shall apply the proceeds of such realisation in the manner described in Clause 8.

(H) Sections 93 and 103 of the Law of Property Act 1925 shall not apply hereto, but the powers of sale, calling in, collection and appointment of a receiver and other powers conferred upon a mortgagee by Sections 101 and 104 of the said Law of Property Act shall apply hereto.

(I) At any time during the continuance of either an Event of Default or a Relevant Event, the Trustee shall be entitled to do any of the acts and things listed in the Sixth Schedule in relation to the Charged Property, the Account or the Transferred Rights (in the name and on behalf of the Issuer following an Event of Default but prior to the occurrence of a Relevant Event and either in its own name, in the name of the Issuer or otherwise after the occurrence of a Relevant Event) and by way of security the Issuer hereby irrevocably appoints and constitutes the Trustee as the Issuer's true and lawful attorney with full power in the name and on behalf of the Issuer to do any of the acts and things listed in the Sixth Schedule and with full power for any such attorney to sub-delegate any of such powers including the power to sub-delegate.

(J) At any time after a Relevant Event has occurred, the Trustee may, in accordance with applicable law, by writing appoint any person or persons to be a receiver, a receiver and manager or an administrative receiver in respect of the Charged Property (which shall not be the Trustee or an affiliate of the Trustee) (each, a "**Receiver**"), and may remove any Receiver so appointed and appoint another in its place. Section 109(1) of the Law of Property Act 1925 shall not apply.

(K) Upon any sale, calling in, collection, conversion, dealing or enforcement as provided in sub-clause (G) above and upon any other dealing or transaction under the provisions contained in these presents, the receipt of the Trustee for the purchase money of the assets sold and for any other moneys paid to it shall effectually discharge the purchaser or other person paying the same and such purchaser or other person shall not be responsible for the application of such moneys.

(L) If the Trustee appoints a Receiver in relation to the Charged Property in accordance with Sub-Clause (J), the following provisions shall have effect in relation thereto:

(i) such appointment may be made either before or after the Trustee has taken possession of any of the Charged Property;

(ii) such Receiver may be vested by the Trustee with such powers and discretions (not exceeding the powers and discretions of the Trustee) as the Trustee has and may think expedient, including those listed in the Sixth Schedule, sell or concur in selling all or any of the Charged Property, or charge or release all or any of the Charged Property or Transferred Rights, in each case without restriction and on such terms and for such consideration (if any) as he may think fit and may carry any such transaction into effect by conveying, transferring and delivering in the name or on behalf of the Issuer or otherwise;

(iii) such Receiver shall in the exercise of his powers, authorities and discretions conform to regulations from time to time made by the Trustee;

(iv) the Trustee may from time to time fix the remuneration of such Receiver and direct payment thereof out of moneys accruing to him in the exercise of his powers as such;

(v) the Trustee may from time to time and at any time require any such Receiver to give security for the due performance of his duties as Receiver and may fix the nature and amount of the security to be so given, but the Trustee shall not be bound in any case to require any such security;

(vi) save insofar as otherwise directed by the Trustee, all moneys from time to time received by such Receiver shall be paid over forthwith to the Trustee to be applied by it in accordance with the provisions of Clause 8; and

(vii) such Receiver shall be the agent in accordance with applicable law of the Issuer for all purposes and the Issuer alone shall be responsible for his acts, default and misconduct and the Trustee and the Noteholders shall not be responsible for any misconduct or negligence on the part of any such Receiver and shall not incur any liability therefor or by reason of its or their making or consenting to the appointment of a Receiver under these presents.

(M) The Issuer (a) shall at its own cost and expense (to the extent it receives the funds therefor from the Borrower) execute and do all such assurances, acts and things as the Trustee may reasonably require (including, without limitation, the giving of notices of charge or transfer and the effecting of filings or registrations in any jurisdiction) for perfecting or protecting the Charged Property or the Transferred Rights and (b) from time to time and at any time after the Charged Property or any part thereof has become enforceable or from time to time and at any time in respect of the Transferred Rights, shall execute and do all such assurances, acts and things as the Trustee may reasonably require for facilitating the realisation of, or enforcement of rights in respect of, all or any of the Charged Property or Transferred Rights, as the case may be. For the purposes of this sub-clause (M), a certificate in writing signed by the Trustee to the effect that any particular execution, assurance, act or thing required by it is reasonably required shall be conclusive evidence of the fact.

(N) The Trustee shall not nor shall any Appointee of the Trustee by reason of taking possession of all or any of the Charged Property or Transferred Rights (as applicable) or any other reason whatsoever and whether as mortgagee in possession or on any other basis whatsoever be liable to account for anything except actual receipts or be liable for any loss or damage arising from realisation of, or enforcement of rights in respect of such Charged Property or Transferred Rights or any other property, assets, rights or undertakings of whatsoever nature whether or not owned by the Issuer or any other person or in which the Issuer or such other person has an interest, from any act, default or omission in relation to such Charged Property or Transferred Rights or any other property, assets, rights or undertakings of whatsoever nature whether or not owned by the Issuer or any other person or in which the Issuer or such other person has an interest, or from any exercise or non-exercise by the Trustee or such Appointee (as the case may be) of any power, authority or discretion conferred upon it in relation to all or any of the Charged Property or Transferred Rights or any other property, assets, rights or undertakings of whatsoever nature whether or not owned by the Issuer or any other person or in which the Issuer or such other person has an interest, by or pursuant to these presents.

(O) The powers conferred by these presents in relation to all or any of the Charged Property or Transferred Rights (as applicable) on the Trustee or on any Appointee shall be in addition to and not in substitution for the powers conferred on mortgagees or receivers (in the case of an appointment of a Receiver) under the Law of Property Act 1925 and the Insolvency Act 1986 and where there is any ambiguity or conflict between the powers contained in such Acts and those conferred by these presents the terms of these presents shall prevail.

(P) No person dealing with the Trustee or with any Appointee of all or any of the Charged Property or Transferred Rights (as applicable) appointed by the Trustee shall be concerned to enquire whether any event has happened upon which any of the powers, authorities and discretions conferred by or pursuant to these presents in relation to such Charged Property or Transferred Rights or any other property, assets or undertaking are or may be exercisable by the Trustee or by any such Appointee or otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such powers, authorities or discretions and all the protections of purchasers contained in Sections 104 and 107 of the Law of Property Act 1925 shall apply to any person purchasing from or dealing with the Trustee or any such Appointee in like manner as if the statutory powers of sale and of appointing an Appointee in relation to such Charged Property or Transferred Rights or any other property, assets or undertaking had not been varied or extended by these presents.

5. STAMP DUTIES

Subject to receipt of the necessary funds from the Borrower for such purpose pursuant to or in connection with the Loan Agreement, the Issuer will pay all stamp duties, stamp duty reserve tax and other similar duties or taxes (if any) including interest and penalties payable in the United Kingdom, Luxembourg, Belgium or the Federal Republic of Germany on (i) the constitution, issue and offering of the Notes, (ii) the initial delivery of the Note Certificates, and (iii) the execution or delivery of these presents. Subject to receipt of the necessary funds from the Borrower for such purpose pursuant to or in connection with the Loan Agreement, the Issuer will also indemnify the Trustee and the Noteholders against stamp duties, stamp duty reserve tax, registration, documentary and other similar duties or taxes paid by any of them in any jurisdiction in connection with any action taken by or on behalf of the Trustee with respect to these presents.

6. COVENANT TO OBSERVE PROVISIONS OF THE TRUST DEED AND SCHEDULES

The Issuer hereby covenants to comply with those provisions of these presents which are expressed to be binding on it and to perform and observe the same. The Notes shall be held subject to the provisions contained in these presents, all of which shall be binding upon the Issuer and the Noteholders and all persons claiming through or under them respectively.

7. ACTION; ENFORCEMENT PROCEEDINGS; EVIDENCE OF DEFAULT

(A) The Trustee may at any time, at its discretion and without notice, institute such proceedings and/or take other steps as it may think fit to enforce the rights of the Noteholders and the provisions of these presents (which, for the avoidance of doubt, in the case of the Issuer shall mean to enforce the security created hereunder by the Issuer), but it shall not be bound to take any action in relation to these presents (including but not limited to the taking of any such proceedings and/or other steps) unless (i) it shall have been so directed by an Extraordinary Resolution or (in the case only of the occurrence of an Event of Default or Relevant Event and provided that such event is continuing) so requested in writing by Noteholders whose Notes constitute at least one-quarter in principal amount of the Notes outstanding, and (ii) it shall have been indemnified and/or provided with security to its satisfaction against all liabilities, proceedings, actions, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith. Only the Trustee may enforce the provisions of the Notes or these presents or pursue the remedies under the general law to enforce the rights of the Noteholders and no Noteholders shall be entitled to enforce such provisions or pursue such remedies unless the Trustee, having become bound to proceed in accordance with these presents, has failed to do so within a reasonable time and such failure is continuing provided that any judgment or amount obtained as a result of such action or exercise of rights must be entered or held or, as the case may be, registered in the name of the Trustee and shall be held or dealt with by or on behalf of the Trustee in accordance with these presents.

The Trustee makes no representation as to and assumes no responsibility for the validity or enforceability of the Loan Agreement or the performance by the Issuer of its obligations under or in respect of the Notes and these presents or by the Borrower or the Issuer in respect of the Loan Agreement.

(B) Should the Trustee make any claim in respect of, or lodge any proof in a winding-up in respect of, or institute any proceedings to enforce, any obligation under these presents or the Loan Agreement or in respect of the Notes, proof therein that, as regards any specified Note, default has been made in paying any amount in respect of principal or interest due to the relative Noteholder shall (unless the contrary to be proved) be sufficient evidence that default has been made as regards all other Notes in respect of which a corresponding payment is then due.

8. APPLICATION OF MONEYS RECEIVED BY THE TRUSTEE

(A) The Trustee shall apply all moneys received by it under these presents (subject to Clause 8(B) and without prejudice to Clause 9):

(i) first, in payment or satisfaction of the costs, charges, expenses and liabilities properly incurred by the Trustee and/or any Appointee in or about the preparation and execution of the trusts of these presents (including remuneration of the Trustee and of any Appointee);

(ii) secondly, in or towards payment *pari passu* and rateably of all arrears of amounts corresponding to principal and interest remaining unpaid in respect of the Notes; and

(iii) the balance (if any) in payment to the Issuer.

(B) Following a Relevant Event, the Trustee shall apply all moneys received by it, if any, for the purpose of redeeming or repaying Notes that have been properly tendered by Noteholders to the Principal Paying Agent pursuant to a Change of Control Offer or an Asset Sale Offer:

(iv) first, in payment or satisfaction of the costs, charges, expenses and liabilities properly incurred by the Trustee and/or any Appointee in or about the preparation and execution of the trusts of these presents (including remuneration of the Trustee and of any Appointee); and

(v) secondly, in or towards payment *pari passu* and rateably of all arrears of amounts corresponding to principal and interest remaining unpaid in respect of the Notes that have been properly tendered pursuant to a Change of Control Offer or an Asset Sale Offer.

(C) Without prejudice to the provisions of this Clause, if the Trustee shall hold any moneys which represent amounts payable in respect of Notes which have become void under Condition 8, the Trustee shall hold such moneys on the above trusts provided that the Trustee shall be required to treat any payments of principal and/or interest due under the Notes as having been satisfied and no amounts as outstanding or owing in respect thereof.

9. POWER TO RETAIN AND INVEST LESS THAN 10 PER CENT.

(A) Other than with respect to interest payments received by the Trustee pursuant to Clause 2(E)(b), if the amount of the moneys at any time available for payment of amounts due in respect of the Notes under Clause 8(A) shall be less than the amount due on such date and less than a sum sufficient to pay at least one-tenth of the principal amount of the Notes then outstanding, the Trustee may, at its discretion, invest such moneys upon some or one of the investments hereinafter authorised with power from time to time, at the like discretion, to vary such investments and such investments with the resulting income thereof, if any, may be accumulated until the accumulations together with any other funds for the time being under the control of the Trustee and applicable for this purpose shall amount to a sum sufficient to pay at least one-tenth of the principal amount of the Notes then outstanding in which event any accumulations and funds representing moneys originally available for payment under Clause 8(A) and so invested shall be applied under Clause 8(A) and all interest and other income deriving from such accumulations and funds shall be applied first in payment or satisfaction of the costs, charges, expenses and liabilities incurred by the Trustee and/or any Appointee in or about the preparation and execution of the trust of these presents (including remuneration of the Trustee and of any Appointee) and otherwise in payment *pari passu* and rateably to those holders entitled to the moneys so invested.

(B) Notwithstanding anything else contained in this Trust Deed, if the Trustee shall be required to make any deduction or withholding from any distribution or payment made by it under this Trust Deed or if the Trustee shall otherwise be charged to, or may become liable to, costs (other than in respect of its fees) as a consequence of performing its duties under this Trust Deed (including in relation to the Loan Agreement) and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under this Trust Deed or the Loan Agreement, then the Trustee shall be entitled to make such deduction or withholding or (as the case may be) to retain out of sums received by it an amount which in its opinion is sufficient to discharge any liability or prospective liability to costs which relates to sums so received or distributed, or to discharge any such other liability of the Trustee to costs.

10. AUTHORISED INVESTMENTS

Any moneys which under the trusts herein contained ought to or may be invested by the Trustee may be invested in the name or under the control of the Trustee in any of the investments for the time being authorised by English law for the investment by trustees of trust moneys or in any other investments, whether similar to those aforesaid or not which may be selected by the Trustee or by placing the same on deposit in the name or under the control of the Trustee with such bank or other financial institution as the Trustee may think fit and in such currency as the Trustee in its absolute discretion may determine and the Trustee may at any time vary or transfer any of such investments for or into other such investments or convert any moneys so deposited into any other currency and shall not be responsible for any loss occasioned by reason of any such investments or such deposit whether by depreciation in value, fluctuation in exchange rates or otherwise.

11. PAYMENT TO NOTEHOLDERS

(A) Any payment made by the Borrower under the Loan Agreement to, or to the order of, the Trustee, otherwise in accordance with these presents, or the Principal Paying Agent, otherwise in accordance with the Agency Agreement, shall satisfy *pro tanto* the obligations of the Issuer in respect of the Notes.

(B) Any payment to be made in respect of the Notes by the Issuer or the Trustee may be made in the manner provided in the Conditions and in Clause 2(C) and any payment so made shall be a good discharge to the Issuer or the Trustee, as the case may be.

(C) The Trustee may, on behalf of the Issuer (but subject to its prior written consent prior to the occurrence of a Relevant Event), at any time vary or terminate the appointment of the Agents, and appoint additional or other paying agents provided that so long as the Notes are listed on The Stock Exchange there will be a Paying Agent and a Transfer Agent with a specified office in Luxembourg. Any such variation, termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 days' and not less than 30 days' notice thereof shall have been given to the Noteholders in accordance with Condition 14.

12. PRODUCTION OF NOTE CERTIFICATES

Upon payment to a Noteholder under Clauses 8 or 9 of amounts corresponding to principal under the Loan, the Note Certificate in respect of which such payment is made shall, if the Trustee so requires, be produced to the Trustee or the Principal Paying Agent by or through whom such payment is made and the Trustee shall, in the case of part payment, enface or cause the Registrar to enface a memorandum of the amount and date of payment on such Note Certificate or, in the case of payment of the amount corresponding in full, shall cause to be surrendered to the Trustee such Note Certificate or shall cancel or procure the same to be cancelled and shall certify or procure the certification of such cancellation.

13. COVENANTS BY THE ISSUER

The Issuer hereby covenants with the Trustee that, so long as any of the Notes remains outstanding, it will:

(a) subject to Clause 11(C), maintain Agents in accordance with the Conditions;

(b) at all times keep and procure that its subsidiaries keep such books of accounts as may be necessary to comply with all applicable laws and so as to enable the financial statements of the Issuer and its subsidiaries to be prepared and make available to the Trustee and any person appointed by it all public financial statements of the Issuer at all reasonable times during business hours;

(c) give notice in writing to the Trustee of the occurrence of any Event of Default or Relevant Event forthwith upon becoming aware thereof and without waiting for the Trustee to take any further action;

(d) give notice forthwith in writing to the Trustee if it becomes aware that the legality, validity or enforceability of this Trust Deed, the Notes or the Loan Agreement is in any way challenged or contested or otherwise cast into doubt;

(e) give notice in writing to the Trustee of any proposed early redemption pursuant to Condition 5;

(f) so far as permitted by applicable laws and regulations at all times give to the Trustee such information as it shall be entitled to hereunder and in such form as it shall require (including, but without prejudice to the generality of the foregoing, all such certificates called for by the Trustee pursuant to Clause 17(A)(b)) for the purposes of the discharge of the duties and discretions vested in it under these presents or by operation of law;

(g) provide to the Trustee within 10 days of any request by the Trustee a certificate in the English language, signed by two members of the Management Board certifying that up to a specified date not earlier than seven days prior to the date of such certificate (the "**Certified Date**") the Issuer has complied with its obligations under this Trust Deed (or, if such is not the case, giving details of the circumstances of such non-compliance) and that as at such date there did not exist nor had there existed at any time prior thereto since the Certified Date in respect of the previous such certificate (or, in the case of the first such certificate, since the date of this Trust Deed) any Relevant Event or (if such is not the case) specifying the same;

(h) so far as permitted by applicable law at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the terms and conditions of these presents (including the Security Interests);

(i) to the extent not unlawful, use its best endeavours to send to the Trustee for approval at least 7 days in advance of any publication a copy of the form of notice (if any) required to be given by the Issuer to the Noteholders in accordance with Condition 14;

(j) observe and comply with its obligations under the Agency Agreement and, without the prior written consent of the Trustee or an Extraordinary Resolution or Written Resolution as provided under these presents, not agree to any amendment to or modification or waiver of the terms of the Loan Agreement unless expressly required by law in which case the amendment, modification or waiver shall only be agreed to the extent so required and the Issuer undertakes to notify the Noteholders of the same;

(k) at all times use its best endeavours to procure that there will be furnished to any stock exchange on which the Notes are from time to time listed or quoted such information in relation to the Issuer as such stock exchange may require in accordance with its normal requirements or in accordance with any arrangements for the time being made with any such stock exchange;

(l) at any time after the Issuer, and, to the extent that the Issuer has received such information from the Borrower, the Borrower, any subsidiary of the Borrower, any holding company of the Borrower or of a subsidiary of the Borrower, any shareholder of the Borrower, any other subsidiary of such holding company or such shareholder or any person on behalf of the Borrower, such subsidiaries, such holding companies or such shareholder shall have purchased any Notes and retained such Notes for its own account, notify the Trustee to that effect and thereafter deliver to the Trustee forthwith upon being so requested in writing by the Trustee a certificate of the Issuer signed by two members of the Management Board setting out the total number of Notes which, at the date of such certificate, are held and not yet cancelled by the Issuer for its own account or request from the Borrower for delivery to the Trustee forthwith upon being so requested in writing by the Trustee a Borrower's Certificate setting out the total aggregate principal amount of Notes which, at the date of such certificate, are held and not yet cancelled by the Borrower or any subsidiary of the Borrower for its or the subsidiary's own account or, to the best of the Borrower's knowledge, by a holding company of the Borrower or of a subsidiary of the Borrower, any shareholder of the Borrower, any other subsidiary of such holding company or such shareholder or by any person on behalf of the Borrower, such subsidiaries, such holding companies or such shareholder for their respective accounts;

(m) give notice to the Borrower and the Principal Paying Agent of the Security Interests in accordance with Clause 4 hereof;

(n) deliver to the Trustee all information received by it under the Loan Agreement (to the extent permitted by applicable law);

(o) request that the Principal Paying Agent notifies the Trustee forthwith in the event that the Principal Paying Agent does not, on or before the due date for payment in respect of the Notes or any of them, receive unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Notes;

(p) not less than the number of days specified in the relevant Condition prior to the redemption, repurchase or repayment date in respect of any Note, give to the Trustee notice in writing of the amount of such redemption, repurchase or repayment pursuant to the Conditions;

(q) in the event of the unconditional payment to the Principal Paying Agent or the Trustee of any sum due in respect of the Notes or any of them being made after the due date for payment thereof, forthwith give notice to the Noteholders that such payment has been made;

(r) use reasonable endeavours to assist the Borrower in order that it obtains relief from withholding of Russian income tax pursuant to any applicable double tax treaty in accordance with the terms of the Loan Agreement;

(s) if payments of principal or interest in respect of the Notes by the Issuer shall become subject generally to the taxing jurisdiction of any territory or any political sub-division or any authority therein or thereof having power to tax other than or in addition to the Federal Republic of Germany or any such political sub-division or any such authority therein or thereof, as soon as reasonably practicable upon becoming aware thereof notify the Trustee of such event and (unless the Trustee otherwise agrees) enter forthwith into a trust deed supplemental to this Trust Deed, giving to the Trustee an undertaking or covenant in form and manner satisfactory to the Trustee in terms corresponding to the terms of Condition 7 with the substitution for (or, as the case may be, the addition to) the references therein to the Federal Republic of Germany or any political sub-division or any authority therein or thereof having power to tax of references to that other or additional territory or any political sub-division or any authority therein or thereof having power to tax to whose taxing jurisdiction such payments shall have become subject as aforesaid and in such event this Trust Deed and the Notes will be construed accordingly; and

(t) without the prior written consent of the Trustee, not assign or transfer all or any of its rights, benefits and obligations under the Loan Agreement (other than to the Trustee in respect of the Charged Property and the Transferred Rights) unless the assignee or transferee, as the case may be, of such rights, benefits and obligations shall have substituted, or shall substitute concurrently with such assignment or transfer, itself as the principal debtor under these presents pursuant to Clause 18.

14. MODIFICATIONS

(A) The Trustee may from time to time and at any time without any consent or sanction of the Noteholders concur with the Issuer and the Borrower in making (a) any modification to these presents (other than the proviso to paragraph 18 of the Fourth Schedule or any modification referred to in that proviso) or, pursuant to the Security Interests, the Loan Agreement which in the opinion of the Trustee it may be proper to make provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders or (b) any modification to these presents or, pursuant to the Security Interests, the Loan Agreement if in the opinion of the Trustee such modification is of a formal, minor or technical nature or made to correct a manifest error. Any such modification shall be binding on the Noteholders and, unless the Trustee otherwise determines, such modification shall be notified to the Noteholders by the Registrar (subject to the approval of the Trustee) as soon as practicable thereafter in accordance with Condition 14.

(B) So long as any of the Notes remains outstanding, the Issuer will not without the prior written consent of the Trustee or an Extraordinary Resolution or Written Resolution, agree to any amendment to or any modification or waiver of, or authorise any breach or proposed breach of, the terms of the Loan Agreement and will act at all times in accordance with any instructions of the Trustee from time to time with respect to the Loan Agreement, except as otherwise expressly provided herein and unless expressly required by law.

Any such amendment, modification, waiver or authorisation made with the consent of the Trustee shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification will be notified by the Issuer to the Noteholders in accordance with Condition 14.

15. CANCELLATION OF NOTES

In the Agency Agreement, the Registrar will agree forthwith to cancel on behalf of the Issuer all Notes redeemed or purchased by the Issuer, and all Notes purchased by the Borrower or any of its subsidiaries and delivered to the Issuer pursuant to Clause 7.8 of the Loan Agreement (together with an authorisation of the Borrower, or the relevant subsidiary, addressed to the Registrar to cancel such Notes), and in each case such Notes may not be resold or reissued by the Issuer. In the Agency Agreement, the Registrar will agree to give to the Trustee a certificate stating (i) the amounts paid in respect of Notes so redeemed or purchased and cancelled and (ii) the serial numbers of Note Certificates representing the Notes so redeemed or purchased and cancelled as soon as reasonably possible after the date of such redemption or purchase. Such certificates may be accepted by the Trustee as conclusive evidence of repayment or discharge *pro tanto* of the Notes. In the Agency Agreement, each Paying Agent will agree to give the Registrar such information as it may request in order to deliver the certificates required by this Clause 15.

16. TRUSTEE MAY ENTER INTO FINANCIAL TRANSACTIONS WITH THE ISSUER OR THE BORROWER

No Trustee and no director or officer of any corporation being a Trustee of these presents shall by reason of the fiduciary position of such Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Issuer or the Borrower or any subsidiary of the Issuer or the Borrower, whether directly or through any subsidiary or associated company, or from accepting the trusteeship of any other notes, bonds, debenture stock, debentures or other securities of the Issuer or the Borrower or any subsidiary of the Issuer or the Borrower or any company in which the Issuer or the Borrower is interested. Without prejudice to the generality of these provisions, it is expressly declared that such contracts and transactions include any contract or transaction in relation to the placing, underwriting, purchasing, subscribing for or dealing with or lending money upon or making payments in respect of the Notes or any other notes, bonds, stock, shares, debenture stock, debentures or other securities of the Issuer or the Borrower or any subsidiary of the Issuer or the Borrower or any company in which the Issuer or the Borrower is interested and neither the Trustee nor any such director or officer shall be accountable to the Noteholders or the Issuer or Borrower or any subsidiary of the Issuer or the Borrower for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions or trusteeships and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

17. TERMS OF APPOINTMENT

(A) Provisions supplemental to the Trustee Acts

Section 1 of the Trustee Act 2000 shall not apply to the duties and functions of the Trustee in relation to the trusts constituted by this Trust Deed. Where there are any inconsistencies between the Trustee Acts and the provisions of this Trust Deed, the provisions of this Trust Deed shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of this Trust Deed shall constitute a restriction or exclusion for the purposes of that Act.

By way of supplement to the Trustee Act 1925 and the Trustee Act 2000 of England and Wales it is expressly declared as follows:

(a) the Trustee may in relation to these presents (including, for the avoidance of doubt in this Clause, the Loan Agreement) act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert in the United Kingdom, the Federal Republic of Germany, the Russian Federation or elsewhere (whether obtained by the Trustee, the Issuer, the Borrower, any subsidiary of the Issuer or any Agent) and shall not be responsible for any loss occasioned by so acting; any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, telex, cablegram or facsimile transmission and the Trustee shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same shall contain some error or shall not be authentic;

(b) the Trustee may call for and shall be at liberty to accept a certificate signed by any two members of the Management Board of the Issuer or any Borrowers' Certificate, as the case may be, as to any fact or matter prima facie within the knowledge of the Issuer or the Borrower, as the case may be, as sufficient evidence thereof and a like certificate to the effect that any particular dealing or transaction or step or thing is, in the opinion of the person so certifying, expedient as sufficient evidence that it is expedient and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by its failing so to do;

(c) the Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by these presents or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non-exercise thereof;

(d) the Trustee shall be at liberty to place these presents and all deeds and other documents relating to these presents in any safe deposit, safe or other receptacle selected by the Trustee, in any part of the world, or with any bank or banking company, lawyer or firm of lawyers believed by it to be of good repute, in any part of the world, and the Trustee shall not be responsible for or be required to insure against any loss incurred in connection with any such deposit and, subject to receipt by it of any appropriate payments or funds from the Borrower pursuant to the Loan Agreement, the Issuer shall pay all sums required to be paid on account of or in respect of any such deposits;

(e) the Trustee as between itself and the Noteholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of these presents and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Noteholders;

(f) the Trustee shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Noteholders in respect whereof minutes have been made and signed even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Noteholders;

(g) the Trustee may, in the conduct of its trust business, instead of acting personally, employ and pay an agent, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money and including the appointment of an agent to do all or any of the acts and things listed in the Sixth Schedule hereto) and the Trustee shall not be responsible for any misconduct on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person and, without prejudice to the generality of the foregoing, the Trustee shall be entitled at any time following an Event of Default to appoint an agent (subject to the provisions of applicable law) in the name and on behalf of the Issuer;

(h) any Trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid by the Issuer, subject to receipt by it of any appropriate payments or funds from the Borrower pursuant to the Loan Agreement, all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the trusts of these presents and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with these presents, including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person;

(i) the Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or by the Borrower of the proceeds of the Loan, the exchange of the Global Note Certificates for Individual Note Certificates or the delivery of Note Certificate(s) to the person(s) entitled to it or them;

(j) the Trustee shall not be liable to the Issuer or any Noteholder by reason of having accepted as valid or not having rejected any Note Certificate purporting to be such and subsequently found to be forged or not authentic;

(k) except as otherwise required by law, in determining the identity of the Noteholders or considering their interests, the Trustee may rely solely on the Register save where the Notes are evidenced by the Global Note Certificates where the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Global Note Certificates and (b) consider such interests on the basis that such accountholders were the holders of the Global Note Certificates;

(l) the Trustee shall not (unless ordered so to do by a court of competent jurisdiction) be required to disclose to any Noteholder any financial, confidential or other information made available to the Trustee by the Issuer or the Borrower in connection with these presents and no Noteholder shall be entitled to take any action to obtain from the Trustee any such information save that the Trustee shall, following a Relevant Event or an Event of Default, make available to any Noteholder any such information provided that it shall have been indemnified and/or provided with security to its satisfaction against all liabilities to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith;

(m) where it is necessary or desirable for any purpose in connection with these presents to convert any sum from one currency to another it shall (unless otherwise provided by these presents or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be specified by the Trustee in its absolute discretion but having regard to current rates of exchange quoted by leading banks in London, if available, and any rate, method and date so specified shall be binding upon the Issuer and the Noteholders;

(n) the Trustee may determine whether or not an Event of Default under the provisions of the Loan Agreement is capable of remedy and if the Trustee shall certify that any such Event of Default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Noteholders;

(o) any consent given by the Trustee for the purposes of these presents may be given on such terms and subject to such conditions (if any) as the Trustee may require;

(p) in connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to these presents;

(q) in the absence of express notice to the contrary, the Trustee may assume without enquiry (other than, in the case of the Issuer, requesting a certificate from the Issuer pursuant to Clause 13(l) hereof) that all Notes are for the time being outstanding;

(r) the Trustee shall not be responsible for investigating any matter which is the subject of any recital, representation or warranty of any person contained in these presents or otherwise in respect of or in relation to these presents, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof nor shall the Trustee be under any obligation to monitor or supervise the functions of any other person under the Notes, or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations;

(s) notwithstanding anything else herein contained, the Trustee may refrain from doing anything that would or might in its opinion be contrary to any law of any jurisdiction or any directive or regulation of any agency of any state or which would or might otherwise render it liable to any person or cause it to act in a manner which might prejudice its interests and may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation;

(t) notwithstanding anything contained in these presents, to the extent required by any applicable law, if the Trustee is required to make any deduction or withholding from any distribution or payment made by it under these presents or if the Trustee is otherwise charged to, or may become liable to, tax as a consequence of performing its duties under the Agency Agreement whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whensoever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under these presents or any Notes from time to time representing the same, including any income or gains arising therefrom, or any action of the Trustee in or about the administration of the trusts of these presents or otherwise, in any case other than any tax generally payable by the Trustee on its income, then the Trustee shall be entitled to make such deduction or withholding or (as the case may be) to retain out of sums received by it in respect of these presents an amount sufficient to discharge any liability to tax which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax from the funds held by the Trustee in respect of these presents on the trusts of these presents;

(u) the Trustee shall not be liable for any error of judgement made in good faith and absent manifest error by any officer or employee of the Trustee assigned by the trustee to administer its corporate trust matters;

(v) the Trustee shall not be obliged to publish or approve the form of any communication published in connection with these presents which it considers, in its absolute discretion, to be an invitation or inducement to engage in investment activity (as such terms are defined in the Financial Services and Markets Act 2000) (a "financial promotion") and in the event that the Trustee agrees to publish or approve the form of such financial promotion, it shall be entitled to request that it be provided with such evidence as it may reasonably require that such financial promotion may be lawfully communicated or received in any jurisdiction and may further or as an alternative request that the Issuer (to the extent it receives funds therefor from the Borrower) shall use its best endeavours to procure that the financial promotion concerned is issued or approved for issue by a person authorised to do so in such jurisdiction;

(w) the Trustee shall not be bound to take any steps to ascertain whether any Event of Default or Relevant Event has happened and, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default or Relevant Event has happened and that each of the Borrower and the Issuer is observing and performing all the obligations on its part contained in the Loan Agreement (in the case of the Borrower) or under these presents (in the case of the Issuer);

(x) the Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non-exercise thereof but whenever the Trustee is under the provisions of this Trust Deed bound to act at the request or direction of the Noteholders the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing;

(y) nothing contained in this Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has reasonable grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it;

(z) the Trustee may call for and shall be at liberty to accept and place full reliance on as sufficient evidence thereof and shall not be liable to the Issuer or any Noteholder by reason only of either having accepted as valid or not having rejected an original certificate or letter of confirmation purporting to be from DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system in relation to any matter; and

(aa) the Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto.

(B) Provisions in favour of the Trustee as regards the Charged Property and the Transferred Rights

(a) The Trustee shall accept without investigation, requisition or objection such right and title as the Issuer may have to any of the Charged Property or Transferred Rights and shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to all or any of the Charged Property or Transferred Rights, whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not.

(b) The Trustee shall not be under any obligation to insure all or any of the Charged Property or Transferred Rights or to require any other person to maintain any such insurance.

(c) Until such time as the security created hereunder becomes enforceable the moneys standing to the credit of the Account shall be dealt with in accordance with the provisions of these presents and the Agency Agreement and the Trustee shall not be responsible in such circumstances or at any other time for any loss occasioned thereby whether by depreciation in value or by fluctuation in exchange rates or otherwise.

(d) The Trustee shall have no responsibility whatsoever to the Issuer, the Borrower or the Noteholders as regards any deficiency which might arise because the Trustee is subject to any tax (other than any tax generally payable by the Trustee on its income) in respect of all or any of the moneys it may receive pursuant to the terms of these presents.

(e) The Trustee will rely on self-certification of the Borrower and certification by third parties expressed for such purpose in the Loan Agreement as a means of monitoring whether the Borrower is complying with its obligations under the Loan Agreement (other than the obligation to make payments of principal and interest under the Loan) and shall not otherwise be responsible for investigating any aspect of the Borrower's performance in relation thereto and, in particular (but without prejudice to the generality of the foregoing):

(i) need not do anything to ascertain whether an Event of Default (other than the failure to pay principal or interest on the Loan when due) has occurred and, until it has express knowledge to the contrary pursuant to Clause 13(g), the Trustee may assume that no such event has occurred and that the Borrower is performing all its obligations under the Loan Agreement;

(ii) shall not undertake any credit analysis of the Borrower nor evaluate the Borrower's accounts;

(iii) shall rely without further investigation on information supplied to it by the Borrower pursuant to the terms of the Loan Agreement.

(f) The Trustee shall not be liable for any failure, omission or defect in perfecting, protecting or further assuring the Charged Property or Transferred Rights including (without prejudice to the generality of the foregoing) any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting the Charged Property or Transferred Rights in respect of or in relation to these presents or the priority thereof or the right or title of any person in or to the assets comprised therein by registering under any applicable registration laws in any territory any notice or other entry prescribed by or pursuant to the provisions of any such laws.

(g) The Trustee shall not be responsible for any unsuitability, inadequacy or unfitness of any of the Charged Property or Transferred Rights and shall not be obliged to make any investigation into, and shall be entitled to assume, the suitability, adequacy and fitness of the Charged Property or Transferred Rights.

(h) When the Trustee is required to consider any matter arising under the Loan Agreement (including whether to submit any dispute, claim or disagreement to arbitration pursuant to Clause 24.2 of the Loan Agreement) it may take directions in relation thereto from the Noteholders by means of an Extraordinary Resolution or Written Resolution and shall not be liable for any unavoidable delay in so doing.

(i) Notwithstanding any other provision contained in Clause 17(A) or 17(B), none of the provisions of these presents shall in any case in which the Trustee has failed to show the degree of care and diligence required of it, having regard to the provisions of these presents conferring on the Trustee any powers, authorities or discretions, relieve or indemnify the Trustee against any liabilities which by virtue of any rule of law would otherwise attach to it in respect of any negligence, default, breach of duty or breach of trust of which it may be guilty in relation to its duties under these presents.

18. SUBSTITUTION

(A) Without the consent of the Trustee or an Extraordinary Resolution or Written Resolution (but subject to Clause 18(F)), the Issuer (or any previous Substitute (as defined below) under this sub-clause), may substitute itself as the principal debtor under these presents, by any Successor (in this Clause called the "**Substitute**") PROVIDED THAT:

(i) a trust deed is executed or some other form of undertaking is given by the Substitute to the Trustee, in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of these presents and the Notes with any consequential or other amendments which may be appropriate as fully as if the Substitute had been named in these presents as the principal debtor in place of the Issuer (or any such previous Substitute);

(ii) arrangements are made to the satisfaction of the Trustee for the Noteholders to have or be able to have the same or equivalent rights against the Substitute as they have against the Issuer (or any such previous Substitute);

(iii) the Substitute shall have acquired the rights and assumed the obligations of the Issuer (or any such previous Substitute) under or in connection with the Loan Agreement and the Account and such rights shall have been effectively charged to the Trustee in a manner satisfactory to the Trustee and such amendments to the Loan Agreement and these presents as the Trustee may reasonably require shall have been made (including, without prejudice to the generality of the foregoing, but subject to Clause (vi) below, the substitution therein where relevant of references to the territory where the Substitute is incorporated, domiciled or resident for references to the Federal Republic of Germany);

(iv) the Issuer (or any such previous Substitute) and the Substitute comply with such other reasonable requirements as the Trustee may direct in the interests of the Noteholders;

(v) the Trustee is satisfied that the Substitute has obtained all governmental and regulatory and internal corporate approvals and consents necessary for its assumption of the obligations and liabilities under these presents in place of the Issuer (or of any such previous Substitute) and such approvals and consents are at the time of substitution in full force and effect;

(vi) (without prejudice to the generality of paragraphs (i) to (v) (inclusive) of this sub-clause) where the Substitute is incorporated, domiciled or resident in a territory other than the Federal Republic of Germany (which territory must be a Qualifying Jurisdiction (as defined in the Loan Agreement)), undertakings or covenants are given in terms corresponding to the provisions of Condition 7 with the substitution for the references to the Federal Republic of Germany of references to the territory in which the Substitute is incorporated, domiciled or resident or to the taxing jurisdiction of which, or of any political subdivision or authority of or in which, the Substitute is otherwise subject generally;

(vii) the Substitute shall be a bank or other institution which at the time being exempts the payments by the Borrower under the Loan from value added tax in the Russian Federation;

(viii) as a consequence of such substitution, the Notes continue on the substitution and promptly thereafter to be listed on any stock exchange on which they are then listed;

(ix) the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Noteholders as a class; and

(x) the Issuer or the Substitute shall have delivered to the Trustee and to the Borrower an opinion of an independent lawyer to the effect that neither the Issuer, the Substitute, as the case may be, nor the Noteholders will recognise income, gain or loss for tax purposes as a result of the substitution and the Issuer, the Substitute and the Noteholders will be subject to taxes on the same amount and in the same manner and at the same times as would have been the case if such substitution had not occurred.

(B) Any such agreement by the Trustee pursuant to sub-clause (A) of this Clause shall, to the extent so expressed, operate to release the Issuer or previous Substitute (as the case may be) from any or all of its obligations under these presents. Not later than fourteen days after the execution of any such documents as aforesaid and after compliance with the Trustee's said requirements, notice thereof shall be given by the Issuer or previous Substitute (as the case may be) to the Noteholders in the manner provided in Condition 14.

(C) Upon the execution of such documents and compliance with the said requirements, the Substitute shall be deemed to be named in these presents as the principal debtor in place of the Issuer or previous Substitute (as the case may be) and these presents shall thereupon be deemed to be amended in such manner as shall be necessary to give effect to the substitution and, without prejudice to the generality of the foregoing, any references in these presents to the Issuer shall be deemed to be references to the Substitute.

(D) If any two directors (or other equivalent officers) of the Substitute shall certify to the Trustee that the Substitute is solvent at the time at which the said substitution is proposed to be effected, the Trustee shall not be bound to have regard to the financial condition, profits or prospects of the Substitute or to compare the same with those of the Issuer or (as the case may be) the previous Substitute.

(E) The Issuer or previous Substitute, as the case may be, shall not be entitled to substitute itself if, pursuant to the law of the country of incorporation, domicile or residence of the Substitute, the assumption by the Substitute of its obligations imposes responsibilities on the Trustee over and above those which have been assumed under these presents.

(F) The Issuer or previous Substitute, as the case may be, shall only be entitled to substitute itself in accordance with the provisions of Clause 18(A) to (E) (inclusive) of these presents without the consent of the Borrower if:

(i) at least 3 months prior to the date of a proposed substitution pursuant to this Clause 18, the Issuer or previous Substitute has notified the Borrower in writing of its intention to substitute itself;

(ii) prior to the date of such proposed substitution, the Borrower either has not notified the Issuer or previous Substitute of a Substitute or has notified the Issuer or previous Substitute of a Substitute that the Issuer or previous Substitute is not satisfied shall have complied with the provisions of this Clause 18.

For the purposes of this Clause 18(F), the Trustee shall be entitled to rely solely on a certificate of two members of the Management Board to determine whether the conditions set forth at sub-clauses (i) and (ii) in this Clause 18(F) have been satisfied.

19. TRUSTEE ENTITLED TO ASSUME DUE PERFORMANCE

Except as herein otherwise expressly provided, the Trustee shall be and is hereby authorised to assume without enquiry, in the absence of knowledge or express notice to the contrary, that the Issuer is duly performing and observing all the covenants and provisions contained in these presents relating to the Issuer and on its part to be performed and observed, that the Borrower is duly performing and observing all the covenants and provisions contained in the Loan Agreement and on its part to be performed and observed and that no event has happened upon the happening of which any of the Notes shall have or may become repayable.

20. WAIVER

The Trustee may, without any consent or sanction of the Noteholders and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the Noteholders shall not be materially prejudiced thereby, authorise or waive, or agree to the waiving or authorising on such terms and conditions (if any) as shall seem expedient to it, any breach or proposed breach by the Issuer of any of the covenants or provisions contained in these presents or, pursuant to the Security Interests, by the Borrower of the terms of the Loan Agreement or determine that any event which would or might otherwise give rise to a right of acceleration under the Loan Agreement shall not be treated as such for the purposes of these presents, PROVIDED ALWAYS THAT the Trustee shall not exercise any powers conferred upon it by this clause in contravention of any request given by the holders of at least one quarter in aggregate principal amount of the Notes then outstanding or of any express direction by an Extraordinary Resolution save, in the case of such request, where the same is contrary to any such express direction (but so that no such request or direction shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any such proposed breach or breach relating to any of the matters the subject of the proviso to paragraph 18 of the Fourth Schedule. Any such authorisation or waiver shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be notified to the Noteholders in accordance with Condition 14.

21. POWER TO DELEGATE

The Trustee may, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by these presents, act by responsible officers or a responsible officer for the time being of the Trustee and the Trustee may also whenever it thinks fit, whether by power of attorney or otherwise, delegate to any person or persons all or any of the trusts, powers, authorities and discretions vested in it by these presents and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate with the consent of the Trustee and including the power to do all or any of the acts and things listed in the Sixth Schedule hereto) as the Trustee may think fit in the interests of the Noteholders and, provided that the Trustee shall have exercised reasonable care in the selection of such delegate, it shall not be bound to supervise the proceedings and shall not in any way or to any extent be responsible for any loss incurred by a misconduct or default on the part of such delegate or sub-delegate and without prejudice to the generality of the foregoing the Trustee shall be entitled at any time following an Event of Default to appoint a delegate (subject to the provisions of applicable law) in the name of and on behalf of the Issuer.

22. COMPETENCE OF A MAJORITY OF TRUSTEES

Whenever there shall be more than two trustees hereof the majority of such trustees shall (provided such majority includes a trust corporation) be competent to execute and exercise all the trusts, powers, authorities and discretions vested by these presents in the Trustee generally.

23. APPOINTMENT OF TRUSTEES

(A) The power of appointing new trustees shall be vested in the Issuer but a trustee so appointed must in the first place be approved by the Borrower and subsequently by an Extraordinary Resolution. A trust corporation may be appointed sole trustee hereof but subject thereto there shall be at least two trustees hereof one at least of which shall be a trust corporation. Any appointment of a new trustee hereof shall as soon as practicable thereafter be notified by the Trustee to the Principal Paying Agent and the other Agents and to the Noteholders. The Noteholders shall together have the power, exercisable by Extraordinary Resolution, to remove any trustee or trustees for the time being hereof. The removal of any trustee shall not become effective unless the Borrower has given its prior written consent thereto and there remains a trustee hereof (being a trust corporation) in office after such removal.

(B) Notwithstanding the provisions of sub-clause (A) of this Clause, the Trustee may, upon giving prior notice to but without the consent of the Issuer or the Noteholders, appoint any person established or resident in any jurisdiction (whether a trust corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Trustee (i) if the Trustee considers such appointment to be in the interests of the Noteholders, (ii) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed or (iii) for the purpose of obtaining a judgment, or enforcement in any jurisdiction of either a judgment already obtained or any provision of these presents, against the Issuer or the Borrower. The Issuer hereby irrevocably appoints the Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person shall (subject always to the provisions of these presents) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by these presents) and such duties and obligations as shall be conferred on such person or imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any such person. Such reasonable remuneration as the Trustee may pay to any such person, together with any attributable costs, charges and expenses incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes of these presents be treated as costs, charges and expenses incurred by the Trustee.

24. RETIREMENT OF TRUSTEES

Any Trustee for the time being of these presents may retire at any time upon giving not less than three months' notice in writing to the Issuer without assigning any reason therefor and without being responsible for any costs occasioned by such retirement. The retirement of any Trustee shall not become effective unless there remains a trustee hereof (being a trust corporation) in office after such retirement. In the event of a Trustee giving notice under this Clause, the Trustee on behalf of the Issuer shall use its best endeavours to procure a new trustee to be appointed.

25. POWERS OF THE TRUSTEE ARE ADDITIONAL

The powers conferred by these presents upon the Trustee shall be in addition to any powers which may from time to time be vested in it by general law or as the holder of any of the Notes.

26. FURTHER NOTES

The Issuer may from time to time with the consent of the Borrower and without the consent of the Noteholders create and issue further notes or bonds either ranking *pari passu* with the Notes in all respects (or in all respects except for the first payment of interest thereon) and so that such further issue is consolidated and forms a single series with the notes or bonds of any series of the Issuer (including the Notes) or upon such other terms as the Issuer may determine, with the consent of the Borrower, at the time of their issue. Any further notes or bonds forming a single series with the outstanding notes or bonds of any series of the Issuer (including the Notes) constituted by the Trust Deed will, and any other notes or bonds of the Issuer may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. This Trust Deed contains provisions for convening a single meeting of Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

27. NOTICES

Any notice or demand to the Issuer or the Trustee or any approval or certificate of the Trustee required to be given, made or served for any purpose hereof shall be given, made or served by sending the same by prepaid post (first class if inland, airmail if overseas) or facsimile transmission or by delivering the same by hand to the Issuer for the attention of Reinhard Kropp (Facsimile No. +49 69 7158 2272) or the Trustee for the attention of Corporate Trust Administration (Facsimile No. +44 20 7694 6399) (as the case may be) at their respective addresses shown in these presents or at such other address as shall have been notified (in accordance with this Clause) by the party in question to the other party hereto for the purposes of this Clause. A copy of any notice or demand given, made or served hereunder shall be sent by the party giving, making or serving the notice or demand to the Borrower by prepaid post (first class if inland, airmail if overseas) or facsimile transmission or by delivering the same by hand to the Borrower for the attention of General Counsel (Facsimile No: +7095 755 3682; Address: Ulitsa 8, Marta 10, Building 14, 125083 Moscow, Russian Federation or such other address as shall have been notified by the Borrower to the Issuer and the Trustee in accordance with this Clause). Any notice sent by post as provided in this Clause shall be deemed to have been given, made or served twenty-four hours (in the case of inland post) or three days (in the case of overseas post) after despatch and any notice sent by facsimile transmission as provided in this Clause shall be deemed to have been given, made or served at the time of despatch provided that in the case of a notice or demand given by facsimile transmission a confirmation of transmission is received by the sending party and such notice or demand shall forthwith be confirmed by post. The failure of the addressee to receive such confirmation shall not invalidate the relevant notice or demand given by facsimile transmission.

28. GOVERNING LAW; SUBMISSIONS; PROCEEDINGS

These presents and the Notes are governed by, and shall be construed in accordance with, English law and in relation to all claims arising hereunder and for the exclusive benefit of the Trustee the Issuer hereby irrevocably agrees that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with these presents ("**Disputes**") and the Notes and that accordingly any suit, action or proceedings arising out of or in connection with these presents (together referred to as "**Proceedings**") may be brought in such courts. For this purpose the Issuer hereby irrevocably appoints J. P. Morgan Securities Ltd., attention: Head of Transaction Execution Group at 125 London Wall, London, EC2Y 5AJ, England or its registered office for the time being to receive service on its behalf in any Proceedings in such Court and agrees that any such legal process, demand or notice shall be deemed to have been duly made or served on the Issuer at the expiry of twenty-four hours after the time of posting as aforesaid and further the Issuer shall abide and be bound by a final and conclusive judgement of such courts in any action brought against the Issuer in respect of any such claim as aforesaid, provided always that the submission to the jurisdiction of the courts of England in accordance with this Clause for the benefit of the Trustee shall not preclude the Trustee if it thinks fit from instituting Proceedings against the Issuer in the courts of the Federal Republic of Germany or elsewhere.

The Issuer hereby irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the courts of England being nominated as the forum to hear and determine any Proceedings or to settle any Disputes and any claim that any court of England is not a convenient or appropriate forum and further irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

29. INITIAL REMUNERATION AND EXPENSES; INDEMNITY

The Issuer shall pay to the Trustee remuneration for its services as trustee such remuneration to take the form of a one-off acceptance fee in the amount agreed between the Issuer and the Trustee payable no later than the business day following the date hereof. The Issuer shall also pay or discharge all costs, charges and expenses (including, without limitation, in respect of taxes, duties and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis incurred by the Trustee in relation to the preparation and execution of this Trust Deed and all other documents relating thereto (together, the "**Initial Expenses**"), the Initial Expenses to be the amount agreed between the Issuer and the Trustee. The Borrower has agreed to indemnify the Trustee as more particularly described in a deed dated the date hereof between the Borrower and the Trustee.

30. SEVERABILITY

In case any provision in or obligation under these presents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

31. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Without prejudice to any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act, a person who is not a party to these presents has no right under that Act other than in respect of the Borrower's rights under Clauses 13(o), 14 (in respect of consent required by the Borrower), 18(F), 23(A), 26 (in respect of consent required by the Borrower) and 27 (in respect of the Borrower's right to receive copies of notices).

32. COUNTERPARTS

This Trust Deed and any trust deed supplemental hereto, may be executed in any number of counterparts, each of which shall be deemed an original.

IN WITNESS whereof this Trust Deed has been executed as a deed by the Issuer and the Trustee and entered into the day and year first above written.

FIRST SCHEDULE

Part A

FORM OF RESTRICTED GLOBAL NOTE CERTIFICATE

ISIN: US46625XAA37
Common Code: 014689486
CUSIP: 46625XAA3

On the front:

THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES OR ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO THE ISSUER, (2) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OR BENEFIT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (5) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION. NO REPRESENTATIONS CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED. THE HOLDERS HEREOF, BY PURCHASING THIS NOTE, REPRESENT AND AGREE FOR THE BENEFIT OF THE ISSUER THAT THEY UNDERSTAND AND AGREE TO THE FOREGOING RESTRICTIONS AND THAT THEY WILL NOTIFY ANY PURCHASER OF ANY OR ALL OF THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED FROM THEM OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

J.P. MORGAN AG
(a bank established under the laws of the Federal Republic of Germany)

$250,000,000 10.45per cent. Loan Participation Notes due 2005
issued solely to finance a loan made to Open Joint Stock Company "Vimpel-Communications"
by J.P. Morgan AG

RESTRICTED GLOBAL NOTE CERTIFICATE

1. Introduction

This Restricted Global Note Certificate is issued in respect of the $250,000,000 10.45 per cent. Loan Participation Notes due 2005 (the "**Notes**") of J.P. Morgan AG (the "**Issuer**"), issued for the sole purpose of financing the $250,000,000 loan made by the Issuer to Open Joint Stock Company "Vimpel-Communications" (the "**Borrower**") pursuant to a loan agreement dated 23 April, 2002 (as amended or supplemented from time to time, the "**Loan Agreement**"). The Notes are constituted by, subject to and have the benefit of a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated 26 April, 2002 and made between the Issuer and The Bank of New York as trustee (the "**Trustee**", which expression includes all persons for the time being appointed trustee or trustees under the Trust Deed) and are the subject of an agency agreement dated 26 April, 2002 (as amended or supplemented from time to time, the "**Agency Agreement**") and made between the Issuer, JPMorgan Chase Bank, at its specified office in New York, as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), JPMorgan Chase Bank, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), J.P. Morgan Bank Luxembourg S.A. and JPMorgan Chase Bank, at its specified office in New York, each as paying agent and transfer agent, and the Trustee.

2. References to Conditions

Any reference herein to the "**Conditions**" is to the terms and conditions of the Notes as scheduled to the Trust Deed and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof. Terms not defined herein bear the same meaning as in the Conditions.

3. Registered Holder

The Issuer hereby certifies that Cede & Co. is, at the date hereof, the person registered in the register maintained by the Registrar in relation to the Notes (the "**Register**") as the duly registered holder (the "**Holder**") of $75,850,000 (seventy five million eight hundred and fifty thousand dollars) in aggregate principal amount of Notes or such other principal amount as is shown on the Register as being evidenced by this Restricted Global Note Certificate.

4. Promise to pay

The Issuer, for value received, hereby promises to pay only such sums equivalent to payments of principal, interest and any additional amounts (less amounts in respect of the Reserved Rights) as it receives from the Borrower under the Loan Agreement to the Holder on such dates as the sum may become payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

5. Exchange for Individual Note Certificates

This Restricted Global Note Certificate is exchangeable (i) in whole (but not in part) for duly authenticated and completed individual note certificates ("**Individual Note Certificates**") in substantially the form (subject to completion) set out in the Second Schedule to the Trust Deed if any of the following events occur: (a) The Depository Trust Company ("**DTC**") (or any other clearing system as shall have been designated by the Issuer and approved by the Trustee (an "**Alternative Clearing System**"), on behalf of which the Notes evidenced by this Restricted Global Certificate may be held) notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Notes, or ceases to be a "clearing agency" registered under the U.S. Securities Exchange Act of 1934 (the "**Exchange Act**"), or is at any time no longer eligible to act as such and the Issuer is unable to appoint a qualified successor within 90 days of receiving notice of such ineligibility or cessation on the part of DTC; (b) the Issuer fails to pay an amount in respect of the Notes within five days of the date on which such amount became due and payable under the Conditions or (c) the Issuer, or the Borrower, would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) which would not be suffered were the Notes evidenced by Individual Note Certificates and a certificate to such effect signed by two members of the Management Board of the Issuer, or two officers of the Borrower, as the case may be, is delivered to the Trustee and (ii) in whole or in part for Individual Note Certificates in substantially the form (subject to completion) set out in the Second Schedule to the Trust Deed if instructions have been given for the transfer of an interest in the Notes evidenced by this Restricted Global Note Certificate to a person who would otherwise take delivery thereof in the form of an interest in the Notes evidenced by the Unrestricted Global Note Certificate where such Unrestricted Global Note Certificate has been exchanged for Individual Note Certificates. Thereupon (in the case of (i)(a) and (b) above) the Holder may give notice to the Issuer, and (in the case of (i)(c) above) the Issuer, or the Borrower, as the case may be may give notice to the Trustee and the Noteholders of its intention to exchange this Restricted Global Note Certificate for Individual Note Certificates.

Such exchange shall be effected in accordance with paragraph 6 (*Delivery of Individual Certificates*) below. The Issuer shall notify the Trustee and the Noteholders of the receipt of a notice from a Holder (in the case of (i)(a) and (b) above) and the Trustee shall notify the Noteholders of the receipt of a notice from the Issuer or the Borrower (in the case of (i)(c) above).

6. Delivery of Individual Note Certificates

Whenever this Restricted Global Note Certificate is to be exchanged (in whole or in part) for Individual Note Certificates, such Individual Note Certificates shall be issued in an aggregate principal amount equal to the principal amount in respect of which this Restricted Global Note Certificate is to be exchanged within five business days of the delivery, by or on behalf of the Holder, Cede & Co., to the Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender (in the case of an exchange in whole) of this Restricted Global Note Certificate at the Specified Office (as defined in the Agency Agreement) of the Registrar. A person with an interest in the Notes in respect of which this Restricted Global Note Certificate is issued must provide the Registrar with (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Note Certificates; and (ii) a duly completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous sale pursuant to Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933 (the "**Securities Act**"), Regulation S under the Securities Act ("**Regulation S**"), or Rule 144 under the Securities Act ("**Rule 144**"), a certification that the transfer is being made in compliance with the provisions of Rule 144A, Regulation S or Rule 144, as the case may be, in accordance with the Agency Agreement. Individual Note Certificates issued in respect of Notes sold in reliance on Rule 144A shall bear the legends applicable to transfers pursuant to Rule 144A. Such exchange shall be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange. In this paragraph, "**business day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city in which the Registrar has its Specified Office (as defined in the Agency Agreement).

7. Securities Act

The statements set out in the legend above are an integral part of the Notes in respect of which this Restricted Global Note Certificate is issued and by acceptance hereof the Holder of the Notes evidenced by this Restricted Global Note Certificate or any owner of an interest in such Notes agrees to be subject to and bound by the terms of such legend.

For as long as the Notes in respect of which this Certificate is issued are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which the Issuer is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any Holder or beneficial owner of such restricted securities or to any prospective purchaser designated by such Holder or beneficial owner, or to the Trustee for delivery to such Holder, beneficial owner or prospective purchaser, in each case upon the request of such Holder, beneficial owner, prospective purchaser or the Trustee, the information in respect of the Issuer required to be provided by Rule 144A(d)(4) under the Securities Act.

The Borrower has separately agreed with the Issuer that so long as any of the Notes is outstanding and the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Borrower will, if it ceases to be subject to Section 13 or 15(d) of the Exchange Act and if it is then not otherwise exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any Holder or beneficial owner of such restricted securities or to any prospective purchaser designated by such Holder or beneficial owner, or to the Trustee for delivery to such Holder, beneficial owner or prospective purchaser, in each case upon the request of such Holder, beneficial owner, prospective purchaser or the Trustee, the information in respect of the Borrower required to be provided by Rule 144A(d)(4) under the Securities Act.

8. Purchases and Redemption

Upon (i) the purchase by or on behalf of the Borrower, or any subsidiary of the Borrower, together with the delivery by or on behalf of the Borrower, or any such subsidiary, of a notification to the Issuer and the Registrar pursuant to clause 7.8 of the Loan Agreement, and cancellation of a part of this Restricted Global Note Certificate in accordance with the Agency Agreement and the Conditions, or (ii) the purchase or redemption by or on behalf of the Issuer and cancellation of a part of this Restricted Global Note Certificate in accordance with the Agency Agreement and the Conditions, the portion of the principal amount hereof so purchased, or redeemed, and cancelled shall be endorsed by or on behalf of the Registrar on behalf of the Issuer on the Schedule hereto, whereupon the principal amount hereof shall be reduced for all purposes by the amount so purchased, or redeemed, and cancelled and endorsed. Upon the purchase or redemption of the whole of this Restricted Global Note Certificate this Restricted Global Note Certificate shall be surrendered to or to the order of the Registrar and cancelled. So long as the Restricted Global Note Certificate is held on behalf of DTC or any Alternative Clearing System, such purchases and redemptions will be made in accordance with the procedures of DTC or any Alternative Clearing System, as appropriate..

In order to exercise the put options contained in Conditions 5(c) and (d), the Holder of this Restricted Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note Certificate and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of the Notes in respect of which such option is being exercised. Any such notice may be withdrawn in accordance with Condition 5 (c) or (d), as the case may be. So long as the Restricted Global Note Certificate is held on behalf of DTC or any Alternative Clearing System, as appropriate, the exercise of any such put option will be subject to the normal rules and operating procedures of DTC or any Alternative Clearing System, as appropriate.

9. Conditions apply

Save as otherwise provided herein, the Holder of this Restricted Global Note Certificate shall have the benefit of, and be subject to, the Conditions and, for the purposes of this Restricted Global Note Certificate, any reference in the Conditions to "**Note Certificate**" or "**Note Certificates**" shall, except where the context otherwise requires, be construed so as to include this Restricted Global Note Certificate.

10. Payments

Payments of interest in respect of Notes represented by this Restricted Global Note Certificate will be made to the Holder without presentation for endorsement or, if no further payment of principal or interest falls to be made in respect of the Notes, against presentation for surrender of the Restricted Global Note Certificate to or to the order of the Registrar. Upon any payment of principal on this Restricted Global Note Certificate the amount so paid shall be endorsed by or on behalf of the Registrar on behalf of the Issuer on the Schedule hereto. Payments in respect of Notes represented by this Restricted Global Note Certificate will be made in accordance with the procedures of DTC or any Alternative Clearing System, as appropriate.

Upon any payment of principal and endorsement of such payment on the Schedule hereto, the principal amount of this Restricted Global Note Certificate shall be reduced by the principal amount so paid and endorsed.

11. Transfers

Transfers of interests in the Notes with respect to which this Restricted Global Note Certificate is issued shall be made in accordance with the provisions herein and the Agency Agreement and the amount so transferred shall be endorsed by or on behalf of the Registrar on behalf of the Issuer in the Schedule hereto if such interest is transferred to a person who takes delivery thereof in the form of any interest in Notes evidenced by the Unrestricted Global Note Certificate or Individual Note Certificates where such Individual Note Certificates were issued in exchange for the Unrestricted Global Note Certificate. Transfers of interests in the Notes evidenced by the Unrestricted Global Note Certificate or Individual Note Certificates where such Individual Note Certificates were issued in exchange for the Unrestricted Global Note Certificate shall be made in accordance with the provisions therein and the Agency Agreement and the amount so transferred shall be endorsed by or on behalf of the Registrar on behalf of the Issuer in the Schedule hereto if such interest is transferred to a person who takes delivery thereof in the form of any interest in Notes evidenced by this Restricted Global Note Certificate.

12. Notices

Notwithstanding Condition 14 (*Notices*), so long as this Restricted Global Note Certificate is held on behalf of DTC and/or any Alternative Clearing System, notices to holders of interests in Notes represented by this Restricted Global Note Certificate ("**Noteholders**") may be given by delivery of the relevant notice to DTC or (as the case may be) such Alternative Clearing System; provided, however, that, if and so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

13. Determination of entitlement

This Restricted Global Note Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined by the Register and only the Holder is entitled to payment in respect of this Restricted Global Note Certificate.

14. Prescription

Claims against the Issuer in respect of principal, premium, if any, and interest on the Notes while the Notes are represented by this Restricted Global Note Certificate will become void unless they are presented for payment within a period of 10 years (in the case of principal and premium) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7 (*Taxation*)).

15. Trustee's powers

In considering the interests of Noteholders in circumstances where this Restricted Global Note Certificate is held on behalf of DTC and/or any Alternative Clearing System, the Trustee may (except as otherwise required by law), to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of this Restricted Global Note Certificate and (b) consider such interests on the basis that such accountholders were the Holder.

16. Meetings

The Holder shall be treated at any meeting of Noteholders as having one vote in respect of each $1,000 principal amount of Notes for which this Restricted Global Note Certificate may be exchanged. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Trustee or an Agent from giving effect to any written certification, proxy or other authorisation furnished by or on behalf of DTC or an Alternative Clearing System or impair, as between DTC or an Alternative Clearing System and their respective participants, the operation of customary practices governing the exercise of the rights of a Holder. The Holder may grant proxies and otherwise authorise any person, including DTC and Alternative Clearing System, their respective participants and person that may hold through such participants, to take any action which a Holder is entitled to take under the Trust Deed or the Conditions.

17. Authentication

This Restricted Global Note Certificate shall not be valid for any purpose until it has been authenticated for and on behalf of JPMorgan Chase Bank, at its specified office in New York City, as Registrar.

18. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Restricted Global Note Certificate, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

19. Governing law

This Restricted Global Note Certificate is governed by, and shall be construed in accordance with, English law.

AS WITNESS the Issuer has caused this Restricted Global Note Certificate to be signed manually or in facsimile on its behalf.

J.P. Morgan AG

By: _____

[*manual or facsimile signature*]
(*duly authorised*)

ISSUED on [ ], 2002

AUTHENTICATED by or on behalf of

JPMorgan Chase Bank
as Registrar without recourse, warranty or liability

By: _____

(duly *authorised*)

Unless this Restricted Global Note Certificate is presented by an authorised representative of The Depository Trust Company ("**DTC**") to the Registrar or its agent for registration of transfer, exchange, or payment, and any Certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorised representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorised representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

THE SCHEDULE

CHANGES IN PRINCIPAL AMOUNT OF THE NOTES

The following changes in principal amount of the Notes in respect of which this Restricted Global Note Certificate is issued have been made as a result of (i) a transfer of interests between the Global Note Certificates, (ii) a transfer of interest to and from the Individual Note Certificates (iii) payment of principal on the Notes and (iv) redemption or purchase of Notes:

Date of transfer/payment of principal /redemption or purchase (stating which)	Amount of increase or decrease in principal amount of Notes	Principal amount of Notes following such increase or decrease	Notation made on behalf of the Issuer
	$	$	

FORM OF TRANSFER

FOR VALUE RECEIVED _____, being the registered Holder of this Restricted Global Note Certificate, hereby transfers to

_____

of_____

_____

_____,

$_____ in principal amount of the $250,000,000 10.45 per cent. Loan Participation Notes due 2005 (the "**Notes**") of J.P. Morgan AG (the "**Issuer**") in respect of which the Restricted Global Note is issued and irrevocably requests and authorises JPMorgan Chase Bank at its specified office in New York City, in its capacity as Registrar in relation to the Notes (or any successor to JPMorgan Chase Bank, in its capacity as such) to effect the relevant transfer by means of appropriate entries in the register kept by it.

Dated: _____

By:_____
(duly authorised)

Notes

The name of the person by or on whose behalf this form of transfer is signed must correspond with the name of the registered Holder as it appears on the face of this Restricted Global Note Certificate.

(a) A representative of such registered Holder should state the capacity in which he signs, *e.g.* executor.

(b) The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered Holder or be certified by a recognised bank, notary public or in such other manner as the Registrar may require.

(c) Any transfer of Notes shall be in an amount equal to $100,000 or an integral multiple of $1,000 in excess thereof.

(d) This form of transfer should be dated as of the date it is deposited with the relevant Transfer Agent.

PRINCIPAL PAYING AGENT

JPMorgan Chase Bank, London Branch
Trinity Tower
9 Thomas More Street
London E1W 1YT
England

REGISTRAR, PAYING AGENT AND TRANSFER AGENT

JPMorgan Chase Bank
15th Floor
450 West 33rd Street
New York, NY 10001
United States

PAYING AGENT AND TRANSFER AGENT

J.P. Morgan Bank Luxembourg S.A.
5 rue Plaetis
L-2338
Luxembourg

FIRST SCHEDULE

Part B

FORM OF UNRESTRICTED GLOBAL NOTE CERTIFICATE

ISIN: XS0146893622
Common Code: 014689362

J. P. MORGAN AG
(a bank established under the laws of the Federal Republic of Germany)

$250,000,000 10.45 per cent. Loan Participation Notes due 2005
issued solely to finance a loan made to Open Joint Stock Company "Vimpel-Communications"
by J.P. Morgan AG

UNRESTRICTED GLOBAL NOTE CERTIFICATE

1. Introduction

This Unrestricted Global Note Certificate is issued in respect of the $250,000,000 10.45 per cent. Loan Participation Notes due 2005 (the "**Notes**") of J.P. Morgan AG (the "**Issuer**"), issued for the sole purpose of financing the $250,000,000 loan made by the Issuer to Open Joint Stock Company "Vimpel-Communications" (the "**Borrower**") pursuant to a loan agreement dated 23 April 2002 (as amended or supplemented from time to time, the "**Loan Agreement**"). The Notes are constituted by, subject to and have the benefit of a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated 26 April 2002 and made between the Issuer and The Bank of New York (the "**Trustee**", which expression includes all persons for the time being appointed trustee or trustees under the Trust Deed) and are the subject of an agency agreement dated 26 April 2002 (as amended or supplemented from time to time, the "**Agency Agreement**") and made between the Issuer, JPMorgan Chase Bank, at its specified office in New York, as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), JPMorgan Chase Bank, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), J.P. Morgan Bank Luxembourg S.A. and JPMorgan Chase Bank Morgan at its specified office in New York each as paying agent and transfer agent, and the Trustee.

2. References to Conditions

Any reference herein to the "**Conditions**" is to the terms and conditions of the Notes as scheduled to the Trust Deed and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof. Terms not defined herein bear the same meaning as in the Conditions.

3. Registered Holder

The Issuer hereby certifies that Chase Nominees Limited is at the date hereof the person registered in the register maintained by the Registrar in relation to the Notes (the "**Register**") as the duly registered holder (the "**Holder**") of $174,150,000 (one hundred and seventy four million one hunderd and fifty thousand dollars) in aggregate principal amount of Notes or such other principal amount as is shown in the Register as being evidenced by this Unrestricted Global Note Certificate.

4. Promise to pay

The Issuer, for value received, hereby promises to pay only such sums equivalent to payments of principal, interest and any additional amounts (less amounts in respect of the Reserved Rights) as it receives from the Borrower under the terms of the Loan Agreement to the Holder on such dates as the same may become payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

5. Exchange for Individual Note Certificates

This Unrestricted Global Note Certificate is exchangeable (i) in whole (but not in part) for duly authenticated and completed individual note certificates ("**Individual Note Certificates**") in substantially the form (subject to completion) set out in the Second Schedule to the Trust Deed if any of the following events occur: (a) Euroclear S.A./N.V., as operator of the Euroclear System ("**Euroclear**") or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or any other clearing system as shall have been designated by the Issuer and approved by the Trustee (the "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and the Issuer is unable to appoint a qualified successor within 90 days of receiving such notice; (b) the Issuer fails to pay an amount in respect of the Notes within five days of the date on which such amount became due and payable under the Conditions or (c) the Issuer, or the Borrower, would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) which would not be suffered were the Notes evidenced by Individual Note Certificates and a certificate to such effect signed by two members of the Management Board of the Issuer, or two officers of the Borrower, as the case may be, is delivered to the Trustee and (ii) in whole or in part for Individual Note Certificates in substantially the form (subject to completion) set out in the Second Schedule to the Trust Deed if instructions have been given for the transfer of an interest in the Notes evidenced by this Unrestricted Global Note Certificate to a person who would otherwise take delivery thereof in the form of an interest in the Notes evidenced by the Restricted Global Note Certificate where such Restricted Global Note Certificate has been exchanged for Individual Note Certificates. Thereupon (in the case of (i)(a) and (b) above) the Holder may give notice to the Issuer, and (in the case of (c) above) the Issuer, or the Borrower, as the case may be, may give notice to the Trustee and the Noteholders of its intention to exchange this Unrestricted Global Note Certificate for Individual Note Certificates.

Such exchange shall be effected in accordance with paragraph 6 (*Delivery of Individual Certificates*) below. The Issuer shall notify the Trustee and the Noteholders of the receipt of a notice from a Holder (in the case of (i)(a) and (b) above) and the Trustee shall notify the Noteholders of the receipt of a notice from the Issuer or the Borrower (in the case of (i)(c) above).

6. Delivery of Individual Note Certificates

Whenever this Unrestricted Global Note Certificate is to be exchanged, in whole or in part, for Individual Note Certificates, such Individual Note Certificates shall be issued in an aggregate principal amount equal in respect of which this Unrestricted Global Note Certificate is to be exchanged within five business days of the delivery, by or on behalf of the Holder, Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender (in the case of an exchange in whole) of this Unrestricted Global Note Certificate at the Specified Office (as defined in the Agency Agreement) of the Registrar. A person with an interest in the Notes in respect of which this Unrestricted Global Note Certificate is issued must provide the Registrar with (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Note Certificates; and (ii) in the event that a Holder has requested an exchange for Individual Note Certificates on a date falling on or before 40 days following the date of issue of the Notes pursuant to the Trust Deed, a duly completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous sale pursuant to Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933 (the "**Securities Act**"), Regulation S under the Securities Act ("**Regulation S**"), or Rule 144 under the Securities Act ("**Rule 144**"), a certification that the transfer is being made in compliance with the provisions of Rule 144A, Regulation S or Rule 144, as the case may be, in accordance with the Agency Agreement. Individual Note Certificates issued in respect of Notes sold in reliance on Rule 144A shall bear the legends applicable to transfers pursuant to Rule 144A. Such exchange shall be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange. In this paragraph, "**business day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city in which the Registrar has its Specified Office (as defined in the Agency Agreement).

7. Purchases and Redemption

Upon (i) the purchase by or on behalf of the Borrower, or any subsidiary of the Borrower, together with, in each case, notification by or on behalf of the Borrower, or any such subsidiary, to the Issuer and the Registrar pursuant to clause 7.8 of the Loan Agreement, and cancellation of a part of this Unrestricted Global Note Certificate in accordance with the Agency Agreement and the Conditions or (ii) the purchase or redemption by or on behalf of the Issuer and cancellation of a part of this Unrestricted Global Note Certificate in accordance with the Agency Agreement and the Conditions, the portion of the principal amount hereof so purchased, or redeemed, and cancelled shall be endorsed by or on behalf of the Registrar on behalf of the Issuer on the Schedule hereto, whereupon the principal amount hereof shall be reduced for all purposes by the amount so purchased and cancelled and endorsed. Upon the purchase or redemption of the whole of this Unrestricted Global Note Certificate this Unrestricted Global Note Certificate shall be surrendered to or to the order of the Registrar and cancelled. So long as the Unrestricted Global Note Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, or any Alternative Clearing System, such purchases and redemptions will be made in accordance with the procedures of Euroclear or Clearstream, Luxembourg, or any Alternative Clearing System, as appropriate.

In order to exercise the options contained in Conditions 5(c) and (d), the Holder of this Unrestricted Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note Certificate and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of the Notes in respect of which such option is being exercised. Any such notice may be withdrawn in accordance with Condition 5 (c) or (d), as the case may be. So long as the Unrestricted Global Note Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, or any Alternative Clearing System, as appropriate, the exercise of any such put option will be subject to the normal rules and operating procedures of Euroclear and Clearstream Luxembourg or any Alternative Clearing System, as appropriate.

8. Conditions apply

Save as otherwise provided herein, the Holder of this Unrestricted Global Note Certificate shall have the benefit of, and be subject to, the Conditions and, for the purposes of this Unrestricted Global Note Certificate, any reference in the Conditions to "**Note Certificate**" or "**Note Certificates**" shall, except where the context otherwise requires, be construed so as to include this Unrestricted Global Note Certificate.

9. Payments

Payments of interest in respect of Notes represented by this Unrestricted Global Note Certificate will be made to the Holder without presentation for endorsement or, if no further payment of principal or interest falls to be made in respect of the Notes, against presentation for surrender of the Unrestricted Global Note Certificate to or to the order of the Registrar. Upon any payment of principal on this Unrestricted Global Note Certificate the amount so paid shall be endorsed by or on behalf of the Registrar on behalf of the Issuer on the Schedule hereto. Payments in respect of Notes represented by this Unrestricted Global Note Certificate will be made in accordance with the procedures of Euroclear and Clearstream, Luxembourg or any Alternative Clearing System, as appropriate.

Upon any payment of principal and endorsement of such payment on the Schedule hereto, the principal amount of this Unrestricted Global Note Certificate shall be reduced by the principal amount so paid and endorsed.

10. Transfers

Transfers of interests in the Notes with respect to which this Unrestricted Global Note Certificate is issued shall be made in accordance with the provisions herein and the Agency Agreement and the amount so transferred shall be endorsed by or on behalf of the Registrar on behalf of the Issuer in the Schedule hereto if such interest is transferred to a person who takes delivery thereof in the form of any interest in Notes evidenced by the Restricted Global Note Certificate or Individual Note Certificates where such Individual Note Certificates were issued in exchange for the Restricted Global Note Certificate. Transfers of interests in the Notes evidenced by the Restricted Global Note Certificate or Individual Note Certificates where such Individual Note Certificates were issued in exchange for the Restricted Global Note Certificate shall be made in accordance with the provisions therein and the Agency Agreement and the amount so transferred shall be endorsed by or on behalf of the Registrar on behalf of the issuer in the Schedule hereto if such interest is transferred to a person who takes delivery thereof in the form of any interest in Notes evidenced by this Unrestricted Global Note Certificate.

11. Notices

Notwithstanding Condition 14 (*Notices*), so long as this Unrestricted Global Note Certificate is held on behalf of Euroclear, Clearstream, Luxembourg and/or any Alternative Clearing System, notices to holders of interests in the Notes represented by this Unrestricted Global Note Certificate ("**Noteholders**") may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System; provided, however, that, if and so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

12. Determination of entitlement

This Unrestricted Global Note Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined by the Register and only the Holder is entitled to payment in respect of this Unrestricted Global Note Certificate.

13. Prescription

Claims against the Issuer in respect of principal, premium, if any, and interest on the Notes while the Notes are represented by this Unrestricted Global Note Certificate will become void unless they are presented for payment within a period of 10 years (in the case of principal and premium) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7 (*Taxation*)).

14. Trustee's powers

In considering the interests of Noteholders in circumstances where this Unrestricted Global Note Certificate is held on behalf of Euroclear, Clearstream Luxembourg and/or any Alternative Clearing System, the Trustee may (except as otherwise required by law), to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of this Unrestricted Global Note Certificate and (b) consider such interests on the basis that such accountholders were the Holder.

15. Meetings

The Holder shall be treated at any meeting of Noteholders as having one vote in respect of each $1,000 principal amount of Notes for which this Unrestricted Global Note Certificate may be exchanged. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Trustee or an Agent from giving effect to any written certification, proxy or other authorisation furnished by or on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System or impair, as between Euroclear and Clearstream, Luxembourg or an Alternative Clearing System and their respective participants, the operation of customary practices governing the exercise of the rights of a Holder. The Holder may grant proxies and otherwise authorise any person, including Euroclear, Clearstream, Luxembourg and Alternative Clearing System, their respective participants and person that may hold through such participants, to take any action which a Holder is entitled to take under the Trust Deed or the Conditions.

16. Authentication

This Unrestricted Global Note Certificate shall not be valid for any purpose until it has been authenticated for and on behalf of JPMorgan Chase Bank, at its specified office in New York City, as Registrar.

17. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Unrestricted Global Note Certificate, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

18. Governing law

This Unrestricted Global Note Certificate is governed by, and shall be construed in accordance with, English law.

AS WITNESS the Issuer has caused this Unrestricted Global Note Certificate to be signed manually or in facsimile on its behalf.

J.P. Morgan AG

By: _____

[*manual or facsimile signature*]
(*duly authorised*)

ISSUED on [ ], 2002

AUTHENTICATED by or on behalf of

JPMorgan Chase Bank
as Registrar without recourse, warranty or liability

By: _____

(duly *authorised*)

THE SCHEDULE

CHANGES IN PRINCIPAL AMOUNT OF THE NOTES

The following changes in principal amount of the Notes in respect of which this Unrestricted Global Note Certificate is issued have been made as a result of (i) transfer of interests between the Global Note Certificates, (ii) a transfer of interests to and from the Individual Note Certificates (iii) payment of principal on the Notes and (iv) redemption or purchase of Notes:

Date of transfer/payment of principal /redemption or purchase (stating which)	Amount of increase or decrease in principal amount of Notes	Principal amount of Notes following such increase or decrease	Notation made on behalf of the Issuer
	$	$	

FORM OF TRANSFER

FOR VALUE RECEIVED _____, being the registered Holder of this Global Note Certificate, hereby transfers to

_____

of

_____

_____

_____,

$_____ in principal amount of the $250,000,000 10.45 per cent. Loan Participation Notes due 2005 (the "**Notes**") of J.P. Morgan AG (the "**Issuer**") in respect of which this Unrestricted Global Note Certificate is issued and irrevocably requests and authorises JPMorgan Chase Bank, at its specified office in New York City, in its capacity as Registrar in relation to the Notes (or any successor to JPMorgan Chase Bank, in its capacity as such) to effect the relevant transfer by means of appropriate entries in the register kept by it.

Dated: _____

By:_____
(duly authorised)

Notes

The name of the person by or on whose behalf this form of transfer is signed must correspond with the name of the registered Holder as it appears on the face of this Unrestricted Global Note Certificate.

(a) A representative of such registered Holder should state the capacity in which he signs, *e.g.* executor.

(b) The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered Holder or be certified by a recognised bank, notary public or in such other manner as the Registrar may require.

(c) Any transfer of Notes shall be in an amount equal to $100,000 or an integral multiple of $1,000 in excess thereof.

(d) This form of transfer shall be dated as of the date it is deposited with the relevant Transfer Agent.

PRINCIPAL PAYING AGENT

JPMorgan Chase Bank, London Branch
Trinity Tower
9 Thomas More Street
London E1W 1YT
England

REGISTRAR, PAYING AGENT AND TRANSFER AGENT

JPMorgan Chase Bank
15th Floor
450 West 33rd Street
New York, NY 10001
United States

PAYING AGENT AND TRANSFER AGENT

J.P. Morgan Bank Luxembourg S.A.
5 rue Plaetis
L-2338
Luxembourg

SECOND SCHEDULE

Part A

FORM OF INDIVIDUAL NOTE CERTIFICATE

Identifying Number:[ ]

On the front:

[THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES OR ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO THE ISSUER, (2) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OR BENEFIT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (5) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION. NO REPRESENTATIONS CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED. THE HOLDERS HEREOF, BY PURCHASING THIS NOTE, REPRESENT AND AGREE FOR THE BENEFIT OF THE ISSUER THAT THEY UNDERSTAND AND AGREE TO THE FOREGOING RESTRICTIONS AND THAT THEY WILL NOTIFY ANY PURCHASER OF ANY OR ALL OF THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED FROM THEM OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.]*

* These legends to be included in each Certificate representing Notes sold in reliance on the exceptions referred to in (A)(1), (A)(2) and (A)(5) above.

J.P. MORGAN AG
(a bank established under the laws of the Federal Republic of Germany)

$250,000,000 10.45 per cent. Loan Participation Notes due 2005
issued solely to finance a loan made to Open Joint Stock Company "Vimpel-Communications"
by J.P. Morgan AG

INDIVIDUAL NOTE CERTIFICATE

1. Introduction

This Note Certificate is issued in respect of the $250,000,000 Loan Participation Notes due 2005 (the "**Notes**") of J.P. Morgan AG (the "**Issuer**") issued for the sole purpose of financing the $250,000,000 loan made by the Issuer to Open Joint Stock Company "Vimpel - Communications" (the "**Borrower**") pursuant to a loan agreement dated 23 April 2002 (as amended or supplemented from time to time, the "**Loan Agreement**"). The Notes are constituted by, are subject to, and have the benefit of, a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated 26 April 2002 and made between the Issuer and The Bank of New York as trustee (the "**Trustee**", which expression includes all persons for the time being appointed trustee or trustees under the Trust Deed) and are the subject of an agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated 26 April 2002 and made between the Issuer, JPMorgan Chase Bank, at its specified office in New York, as registrar (the "**Registrar**"), which expression includes any successor registrar appointed from time to time in connection with the Notes), JPMorgan Chase Bank, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), J.P. Morgan Bank Luxembourg S.A. and JPMorgan Chase Bank, at its specified office in New York, each as paying agent and transfer agent and the Trustee.

2. References to Conditions

Any reference herein to the "**Conditions**" is to the terms and conditions of the Notes endorsed hereon and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof.

Terms not defined herein bear the same meaning as in the Conditions.

3. Registered Holder

This is to certify that:

_____
of _____
_____

is the person registered in the register maintained by the Registrar in relation to the Notes (the "**Register**") as the duly registered holder or, if more than one person is so registered, the first-named of such persons (the "**Holder**") of:

$[*insert amount*]
([*insert amount*] *dollars*)

in aggregate principal amount of the Notes.

4. Promise to Pay

The Issuer, for value received, hereby promises to pay only such sums equivalent to payments of principal, interest and any additional amounts (less amounts in respect of the Reserved Rights) as it receives from the Borrower under the Loan Agreement to the Holder on such dates as the same may become payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

5. Determination of entitlement

This Note Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined by the Register and only the Holder is entitled to payment in respect of this Note Certificate.

6. Authentication

This Note Certificate shall not be valid for any purpose until it has been authenticated for and on behalf of JPMorgan Chase Bank, at is specified office in New York City, as Registrar.

7. Securities Act

The statements set forth in the legend above are an integral part of the Notes in respect of which this Note Certificate is issued and by acceptance hereof each Holder or beneficial holder of such Notes agrees to be subject to and bound by the terms and provisions set forth in such legend. For so long as any of the Notes in respect of which this Note Certificate is issued are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act of 1933 (the "**Securities Act**"), during any period in which the Issuer is not subject to Section 13 nor 15(d) of the U.S. Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Issuer will provide to any Holder or beneficial owner of such restricted securities or prospective purchaser designated by such Holder or beneficial owner, or to the Trustee for delivery to such Holder, beneficial owner of such restricted securities or prospective purchaser designated by such Holder or beneficial owner, as the case may be, in each case at the request of such Holder, beneficial owner, prospective purchaser or the Trustee, the information in respect of the Issuer required to be provided by Rule 144A(d)(4) under the Securities Act insofar as the Issuer receives such information from the Borrower.

The Borrower has separately agreed with the Issuer that so long as any of the Notes is outstanding and the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Borrower will, if it ceases to be subject to Section 13 or 15(d) of the Exchange Act and if it is then not otherwise exempt from reporting requirements pursuant to Rule 12g3-2(b) thereunder, provide to any Holder or beneficial owner of such restricted securities or to any prospective purchaser designated by such Holder or beneficial owner, or to the Trustee for delivery to such Holder, beneficial owner or prospective purchaser, in each case upon the request of such Holder, beneficial owner, prospective purchaser or the Trustee, the information in respect of the Borrower required to be provided by Rule 144A(d)(4) under the Securities Act.] *

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* This paragraph to be included in each Certificate representing Notes sold in reliance on the exceptions referred to in (A)(2) and (A)(5) of the legend set forth on the front of this Note Certificate..

AS WITNESS this Note Certificate has been executed on behalf of the Issuer.

[ ]

By: _____

(*duly authorised*)

ISSUED as of [ ],

AUTHENTICATED by or on behalf of

JPMorgan Chase Bank
as Registrar without recourse, warranty
or liability

By: _____

Duly Authorised

FORM OF TRANSFER

FOR VALUE RECEIVED _____, being the registered Holder of this Note Certificate, hereby transfers to

_____

of

_____

_____

_____,

$_____ in principal amount of the $250,000,000 10.45 per cent. Loan Participation Notes due 2005 (the "**Notes**") of J.P. Morgan AG (the "**Issuer**") in respect of which this Note is issued and irrevocably requests and authorises JPMorgan Chase Bank in its capacity as Registrar in relation to the Notes (or any successor to JPMorgan Chase Bank, in its capacity as such) to effect the relevant transfer by means of appropriate entries in the register kept by it.

Dated: _____

By:_____
(duly authorised)

Notes

The name of the person by or on whose behalf this form of transfer is signed must correspond with the name of the registered holder as it appears on the face of this Note Certificate.

(a) A representative of such registered holder should state the capacity in which he signs, *e.g.* executor.

(b) The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Registrar may require.

(c) Any transfer of Notes shall be in an amount equal to $100,000 or any integral multiple of $1,000 in excess thereof.

(d) This form of transfer should be dated as of the date it is deposited with the relevant Transfer Agent.

PRINCIPAL PAYING AGENT

JPMorgan Chase Bank, London Branch
Trinity Tower
9 Thomas More Street
London E1W 1YT
England

REGISTRAR, PAYING AGENT AND TRANSFER AGENT

JPMorgan Chase Bank
15th Floor
450 West 33rd Street
New York, NY 10001
United States

PAYING AGENT AND TRANSFER AGENT

J.P. Morgan Bank Luxembourg S.A.
5 rue Plaetis
L-2338
Luxembourg

SECOND SCHEDULE

Part B
TERMS AND CONDITIONS OF THE NOTES

The US$250,000,000 10.45 per cent. Loan Participation Notes due 2005 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 13 (*Further Issues*) and forming a single series therewith) of J.P. Morgan AG (the "**Bank**") are constituted by, are subject to and have the benefit of, a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated April 26, 2002 between the Bank and The Bank of New York as trustee (the "**Trustee**", which expression includes all persons from time to time appointed trustee or trustees under the Trust Deed). The Bank has authorised the creation, issue and sale of the Notes for the sole purpose of financing the US$250,000,000 loan (the "**Loan**") to Open Joint Stock Company "Vimpel-Communications" (the "**Borrower**"). The Bank and the Borrower have recorded the terms of the Loan in an agreement (as amended or supplemented from time to time, the "**Loan Agreement**") dated April 23, 2002 between the Bank and the Borrower.

In each case where amounts of principal, interest and additional amounts, if any, due pursuant to Condition 7 (*Taxation*) are stated herein or in the Trust Deed to be payable in respect of the Notes, the obligation of the Bank to make any such payment shall constitute an obligation only to account to the Noteholders (as defined in Condition 2 (a)) on each date upon which such amounts of principal, interest and additional amounts, if any, are due in respect of the Notes, for an amount equivalent to sums of principal, interest and additional amounts, if any, actually received by or for the account of the Bank pursuant to the Loan Agreement less any amount in respect of the Reserved Rights (as defined below). Noteholders must therefore rely solely and exclusively upon the covenant to pay under the Loan Agreement and the credit and financial standing of the Borrower. Noteholders shall have no recourse (direct or indirect) to any other assets of the Bank.

The Bank (as lender) has:

(A) charged by way of security to the Trustee (i) its rights to principal, interest and other amounts paid and payable under the Loan Agreement and (ii) its right to receive amounts paid and payable under any claim, award or judgment relating to the Loan Agreement (in each case other than its right to amounts in respect of any rights, interests and benefits of the Bank under the following clauses of the Loan Agreement: Clause 7.6, second sentence thereof (*Costs of Prepayment*), Clause 8.3 (a) (*Tax Indemnity*), Clause 10 (*Changes in Circumstances*), Clause 11 (*Representations and Warranties of the Borrower*), Clause 21 (*Costs and Expenses*), (to the extent that the Bank's claim is in respect of one of the aforementioned clauses of the Loan Agreement) Clause 8.2 (*Payments*) and Clause 19.2 (*Currency Indemnity*) (such rights referred to herein, the "**Reserved Rights**"));

(B) charged by way of security to the Trustee sums held on deposit from time to time, in an account in London in the name of the Bank with JPMorgan Chase Bank, account number 24498502, together with the debt represented thereby (other than interest from time to time earned thereon and the Reserved Rights) (the "**Account**") pursuant to the Trust Deed; and

(C) transferred its administrative rights under the Loan Agreement (save for those rights charged or excluded in (A) and (B) above) to the Trustee (the "**Loan Administration Transfer**"),

together, the "**Security Interests**".

In certain circumstances, the Trustee can (subject to it being indemnified and/or secured to its satisfaction) be required by Noteholders holding at least one quarter of the principal amount of the Notes outstanding or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders to exercise certain of its powers under the Trust Deed (including those arising in connection with the Security Interests).

The Notes are the subject of an agency agreement dated April 26, 2002 (as amended or supplemented from time to time, the "**Agency Agreement**") among the Bank, JPMorgan Chase Bank, at its specified office in New York, as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), JPMorgan Chase Bank, at its specified office in London, as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), J.P. Morgan Bank Luxembourg, S.A., at its specified office in Luxembourg, and JPMorgan Chase Bank, at its specified office in New York, each as transfer agent (each a "**Transfer Agent**" and together the "**Transfer Agents**", which expression includes any additional or successor transfer agent appointed from time to time in connection with the Notes) and each as paying agent (each a "**Paying Agent**" and together the "**Paying Agents**", which expressions include any additional or successor paying agent appointed from time to time in connection with the Notes) and the Trustee. References herein to the "**Agents**" are to the Registrar, any Transfer Agent, the Principal Paying Agent and any Paying Agent and any reference to an "**Agent**" is to any one of them. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL and at the Specified Offices (as defined in the Agency Agreement) of the Registrar, the Principal Paying Agent, any Transfer Agent and any Paying Agent. The initial Specified Offices of the initial Agents are set out below.

1. Form, Denomination and Status

Form and denomination: The Notes are in registered form in minimum denominations in aggregate principal amount of US$100,000 each (subject to Condition 5(d) (*Redemption and Purchase*)) and integral multiples of US$1,000 in excess thereof, without coupons attached.

Status: The sole purpose of the issue of the Notes is to provide the funds for the Bank to finance the Loan. The Notes constitute the obligation of the Bank to apply an amount equal to the gross proceeds from the issue of the Notes for financing the Loan and to account to the Noteholders for an amount equivalent to sums of principal, interest, Additional Amounts (as defined in the Loan Agreement) and Tax Indemnity Amounts (as defined in the Loan Agreement), if any, actually received by or for the account of the Bank pursuant to the Loan Agreement (less any amounts in respect of the Reserved Rights), the right to receive which is, *inter alia*, being charged by way of security to the Trustee by virtue of the Security Interests as security for the Bank's payment obligations under the Trust Deed and in respect of the Notes.

Payments in respect of the Notes equivalent to the sums actually received by or for the account of the Bank by way of principal, interest, Additional Amounts or Tax Indemnity Amounts, if any, pursuant to the Loan Agreement (less any amounts in respect of the Reserved Rights) will be made *pro rata* among all Noteholders (subject to Conditions 5(c), 5(d) (*Redemption and Purchase*) and Condition 7 (*Taxation*)), on the corresponding payment dates (as provided in the Loan Agreement) of, and in the currency of, and subject to the conditions attaching to, the equivalent payment in accordance with the Loan Agreement. The Bank shall not be liable to make any payment in respect of the Notes other than as expressly provided herein. The Bank shall be under no obligation to exercise in favour of the Noteholders any rights of set-off or of banker's lien or to combine accounts or counterclaim that may arise out of other transactions between the Bank and the Borrower.

Noteholders are deemed to have accepted that:

(i) neither the Bank nor the Trustee makes any representation or warranty in respect of, and shall at no time have any responsibility for, or liability, or obligation in respect of the performance and observance by the Borrower of its obligations under the Loan Agreement or the recoverability of any sum of principal, interest, Additional Amounts or Tax Indemnity Amounts, if any, due or to become due from the Borrower under the Loan Agreement;

(ii) neither the Bank nor the Trustee shall at any time have any responsibility for, or obligation or liability in respect of, the condition (financial, operational or otherwise), creditworthiness, affairs, status, nature or prospects of the Borrower;

(iii) neither the Bank nor the Trustee shall at any time have any responsibility for, or obligation or liability in respect of, any misrepresentation or breach of warranty or any act, default or omission of the Borrower under or in respect of the Loan Agreement;

(iv) neither the Bank nor the Trustee shall at any time have any responsibility for, or liability or obligation in respect of, the performance and observance by the Registrar, the Principal Paying Agent, any Transfer Agent or any Paying Agent of their respective obligations under the Agency Agreement;

(v) the financial servicing and performance of the terms of the Notes depend solely and exclusively upon performance by the Borrower of its obligations under the Loan Agreement, its covenant to pay under the Loan Agreement and its credit and financial standing. The Borrower has represented and warranted to the Bank in the Loan Agreement that, subject to certain qualifications set forth in Clause 11.2 (*Authorisation*) of the Loan Agreement, the Loan Agreement constitutes a legal, valid and binding obligation of the Borrower. The representations and warranties given by the Borrower in Clause 11 (*Representations and Warranties of the Borrower*) of the Loan Agreement are given by the Borrower to the Bank for the sole benefit of the Bank and neither the Trustee nor any Noteholder shall have any remedies or rights against the Borrower that the Bank may have with respect to such representations or warranties;

(vi) the Bank (and, pursuant to the Loan Administration Transfer, the Trustee) will rely on self-certification by the Borrower and certification by third parties as a means of monitoring whether the Borrower is complying with its obligations under the Loan Agreement and shall not otherwise be responsible for investigating any aspect of the Borrower's performance in relation thereto and, subject as further provided in the Trust Deed, the Trustee will not be liable for any failure to make the usual or any investigations which might be made by a security holder in relation to the property which is the subject of the Security Interests and held by way of security for the Notes, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the Bank to the secured property whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the security created by the Security Interests whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such security and the Trustee will have no responsibility for the value of such security; and

(vii) the Bank will not be liable for any withholding or deduction or for any payment on account of Taxes (as defined in the Loan Agreement) (not being a tax imposed on the Bank's net income) required to be made by the Bank on or in relation to any sum received by it under the Loan Agreement which will or may affect payments made or to be made by the Borrower under the Loan Agreement save to the extent that it has received Additional Amounts or Tax Indemnity Amounts under the Loan Agreement in respect of such withholding or deduction; the Bank shall, furthermore, not be obliged to take any actions or measures as regards such deductions or withholdings other than those set out in this context in Clause 8 (*Taxes*) and Clause 10.4 (*Mitigation*) of the Loan Agreement.

Save as otherwise expressly provided herein and in the Trust Deed, no proprietary or other direct interest in the Bank's rights under or in respect of the Loan Agreement or the Loan exists for the benefit of the Noteholders. Subject to the terms of the Trust Deed, no Noteholder will have any entitlement to enforce any of the provisions in the Loan Agreement or have direct recourse to the Borrower except through action by the Trustee under the Security Interests. Neither the Bank nor the Trustee pursuant to the Loan Administration Transfer shall be required to take proceedings to enforce payment under the Loan Agreement unless it has been indemnified and/or secured by the Noteholders to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

As provided in the Trust Deed, the obligations of the Bank are solely to make payments of amounts in aggregate equivalent to each sum actually received by or for the account of the Bank from the Borrower in respect of principal, interest, Additional Amounts or Tax Indemnity Amounts, if any, as the case may be, pursuant to the Loan Agreement (less any amount in respect of the Reserved Rights), the right to which is being charged by way of security to the Trustee as aforesaid. Noteholders must therefore rely solely and exclusively upon the covenant to pay under the Loan Agreement and the credit and financial standing of the Borrower.

The obligations of the Bank to make payments as stated in the previous paragraph constitute direct and general obligations of the Bank which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Bank, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Payments made by the Borrower under the Loan Agreement to, or to the order of, the Trustee or (before such time that the Bank has been required by the Trustee, pursuant to the terms of the Trust Deed, to pay to or to the order of the Trustee) the Principal Paying Agent will satisfy *pro tanto* the obligations of the Bank in respect of the Notes.

2. Register, Title and Transfers

(a) *Register:* The Registrar will maintain outside the United Kingdom a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title:* The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

(c) *Transfers:* Subject to Conditions 2(f) and (g) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed (including any certificates as to compliance with restrictions on transfer included therein), at the Specified Office of the Registrar or a Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor in accordance with Condition 2(d) below.

(d) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with Condition 2(c) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Note(s) transferred to the relevant Holder at the Registrar's Specified Office or (as the case may be) the Specified Office of the Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "business day" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar has its Specified Office. In the case of the transfer of part only of the Notes, a new Note Certificate in respect of the balance of the Notes not transferred will be so delivered or (at the risk and, if mailed at the request of the transferor otherwise than by ordinary uninsured mail, at the expense of the transferor) sent by mail to the transferor.

(e) *No charge:* The transfer of a Note will be effected without charge by or on behalf of the Bank or the Registrar, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

(g) *Regulations concerning transfers and registration:* All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Bank with the prior written approval of the Trustee, the Registrar and the Borrower. A copy of the current regulations will be mailed (free of charge) by the Registrar and/or any Transfer Agent to any Noteholder who requests in writing a copy of such regulations and will be available at the office of the Registrar in New York City and the Transfer Agent in Luxembourg.

3. Bank's Covenant

As provided in the Trust Deed, so long as any of the Notes remain outstanding (as defined in the Trust Deed), the Bank will not, without the prior written consent of the Trustee or an Extraordinary Resolution or Written Resolution, agree to any amendments to or any modification or waiver of, or authorise any breach or proposed breach of, the terms of the Loan Agreement and will act at all times in accordance with any instructions of the Trustee from time to time with respect to the Loan Agreement, except as otherwise expressly provided in the Trust Deed and the Loan Agreement. Any such amendment, modification, waiver or authorisation made with the consent of the Trustee shall be binding on the Noteholders and any such amendment or modification shall be notified by the Trustee to the Noteholders in accordance with Condition 14 (*Notices*).

4. Interest

(a) *Accrual of interest:* The Notes bear interest from April 26, 2002 (the "**Issue Date**") at the rate of10.45 per cent. per annum (the "**Interest Rate**") payable semi-annually in arrear on April 26 and October 26 in each year (each, other than the Issue Date, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*). Each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next (or first) Interest Payment Date is herein called an "**Interest Period**".

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation of the relevant Note Certificate, payment of principal is improperly withheld or refused, in which case interest will continue to accrue (before or after any judgment) from the due date for redemption to, but excluding, the date on which payment in full of the principal is made under the Notes.

The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the Interest Rate to the principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). When interest is required to be calculated in respect of a period other than an Interest Period, it shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the actual number of days elapsed.

(b) *Default Interest under the Loan Agreement:* In the event that, and to the extent that, the Bank actually receives any amounts in respect of interest on unpaid sums from the Borrower pursuant to Clause 16 (*Default Interest and Indemnity*) of the Loan Agreement, the Bank shall account to the Noteholders for an amount equivalent to the amounts in respect of interest on unpaid sums actually so received. Any payments made by the Bank under this Condition 4(b) will be made on the next following business day (as defined in Condition 6(c)) after the day on which the Bank receives such amounts from the Borrower and, save as provided in this Condition 4(b), all subject to and in accordance with Condition 6 (*Payments*).

5. Redemption and Purchase

(a) *Final redemption:* Unless previously prepaid pursuant to Clause 7 (*Prepayment*) of the Loan Agreement or repaid in accordance with Clause 10.3 (*Illegality*) of the Loan Agreement, the Borrower will be required to repay the Loan on its due date as provided in the Loan Agreement and, subject to such repayment all the Notes will be redeemed at their principal amount on April 26, 2005, subject as provided in Condition 6 (*Payments*).

(b) *Redemption by the Bank:* The Notes shall be redeemed by the Bank in whole, but not in part, at any time, on giving not less than 25 days' notice to the Noteholders (which notice shall be irrevocable and shall specify a date for redemption, being the same date as that set forth in the notice of prepayment referred to in Condition 5(b)(i) or (ii) below) in accordance with Condition 14 (*Notices*) at the principal amount thereof, together with interest accrued and unpaid to the date fixed for redemption and any additional amounts in respect thereof pursuant to Condition 7 (*Taxation*), if, immediately before giving such notice, the Bank satisfies the Trustee that:

(i) the Bank has received a notice of prepayment from the Borrower pursuant to Clause 7.1 (*Prepayment for Tax Reasons*) or Clause 7.2 (*Prepayment for Reasons of Increased Costs*) of the Loan Agreement; or

(ii) the Bank has delivered a notice to the Borrower, the contents of which require the Borrower to repay the Loan, in accordance with the provisions of Clause 10.3 (*Illegality*) of the Loan Agreement.

The Bank shall deliver to the Trustee a certificate signed by two officers of the Bank stating that the Bank is entitled to effect such redemption in accordance with this Condition 5(b). A copy of the Borrower's notice of prepayment or details of the circumstances contemplated by Clause 10.3 (*Illegality*) of the Loan Agreement and the date fixed for redemption shall be set forth in the notice.

The Trustee shall be entitled to accept any notice or certificate delivered by the Bank in accordance with this Condition 5(b) as sufficient evidence of the satisfaction of the applicable circumstances in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice given by the Bank to the Noteholders as is referred to in this Condition 5(b), the Bank shall be bound to redeem the Notes in accordance with this Condition 5, subject as provided in Condition 6 (*Payments*).

(c) Redemption at the option of the Noteholders upon a Change of Control

(i) Upon the occurrence of a Change of Control (as defined in the Loan Agreement), in accordance with Condition 14 (*Notices*) the Bank will make an offer to purchase all or any part (subject to a minimum of US$100,000 in principal amount and integral multiples of US$1,000 in excess thereof) of the Notes pursuant to the offer described below (the **"Change of Control Offer"**) at a price per Note in cash (the **"Change of Control Payment"**) equal to 101% of the principal amount thereof plus accrued and unpaid interest thereon to the date of repurchase, plus additional amounts, if any, to the date of repurchase. Pursuant to Clause 7.3 (*Prepayment in the Event of a Change of Control*) of the Loan Agreement, the Borrower is required to give notice to the Bank (and, following the Loan Administration Transfer, to the Trustee) promptly and in any event within 10 calendar days after the date of any Change of Control (the **"Borrower Change of Control Notice"**) and thereafter to prepay the Loan to the extent of the aggregate principal amount of the Notes plus accrued and unpaid interest thereon to the date of prepayment, plus additional amounts, if any, thereon corresponding to the aggregate principal amount plus accrued and unpaid interest and additional amounts, if any, on the Notes to be repurchased in accordance with this Condition 5(c). The Bank, upon receipt of the Borrower Change of Control Notice, shall mail a notice to each Holder postage prepaid (and if and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such Stock Exchange shall so require, will publish notice in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*)), with a copy to the Agents and, prior to the Loan Administration Transfer, the Trustee, with the following information: (i) that a Change of Control Offer is being made pursuant to this Condition 5(c) and all Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment; (ii) the purchase price and the purchase date, which will be a business day which is 60 calendar days from the date of delivery to the Bank of the Borrower Change of Control Notice, except as may be otherwise required by applicable law (the **"Change of Control Payment Date"**); (iii) that any Note not properly tendered or not tendered at all will remain outstanding and continue to accrue interest and additional amounts, if any; (iv) that unless the Bank defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest and additional amounts, if any, on the Change of Control Payment Date; (v) that Holders electing to have any Notes repurchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" set forth as an exhibit to the Agency Agreement completed, to the Paying Agent and at the address specified in the notice prior to the close of business on the fifth business day (when used in this condition, as such term is defined in the Loan Agreement) preceding the Change of Control Payment Date; (vi) that Holders will be entitled to withdraw their tendered Notes and their election to require the Bank to repurchase such Notes provided that the Paying Agent receives prior to the close of business on the third business day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes tendered for repurchase, and a statement that such Holder is withdrawing his tendered Notes and his election to have such Notes repurchased; and (viii) that Holders whose Notes are being repurchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the principal amount of the Notes surrendered, which unpurchased portion must be in integral multiples of US$1,000.

(ii) The Bank will comply with the requirements of Rule 14e-1 under the United States Securities Exchange Act of 1934 and any other securities laws and regulations thereunder and will comply with the applicable laws of any non-U.S. jurisdiction in which a Change of Control Offer is made, in each case, to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Loan Agreement or these terms and conditions, the Bank will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations contained in the Loan Agreement or these terms and conditions by virtue thereof.

(iii) On the second business day preceding the Change of Control Payment Date, the Bank will provide a notice (the "**Bank Change of Control Notice**") to the Trustee and the Borrower in accordance with Condition 14 (*Notices*) setting forth the Change of Control Payment (including the computation thereof) required to be made by the Bank for such Notes or portions thereof on the Change of Control Payment Date.

(iv) On the last business day prior to the Change of Control Payment Date, the Borrower will, pursuant to Clause 7.3 (*Prepayment in the Event of a Change of Control*) of the Loan Agreement, deposit in the Account with the Principal Paying Agent an amount equal to the aggregate Change of Control Payment in respect of all Notes or portions thereof properly tendered and not properly withdrawn as set forth in the Bank Change of Control Notice. On the Change of Control Payment Date, the Bank will, to the extent permitted by law, (i) accept for payment all Notes or portions thereof properly tendered and not properly withdrawn pursuant to the Change of Control Offer and (ii) deliver, or cause to be delivered, to the Registrar for cancellation on behalf of the Bank the Notes so accepted together with a certificate of the Management Board of the Bank stating that such Notes or portions thereof have been tendered to and purchased by the Bank. In accordance with the instructions of the Holder set forth in the Option of Holder to Elect to Purchase, the Paying Agent will promptly either (x) pay to the Holder or (y) mail to each Holder of Notes postage prepaid, the Change of Control Payment for such Notes, and the Registrar will promptly authenticate and deliver to the Holder of the Notes a new Note Certificate or Certificates, equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided, however, that each new Note will be in integral multiples of US$1,000. The Bank will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(d) *Asset Sale*

(i) If, as of the first day of any calendar month, the aggregate amount of Excess Proceeds (as defined in the Loan Agreement) resulting from Asset Sales (as defined in the Loan Agreement) (the **"Excess Proceeds Offer Amount"**), exceeds US$10,000,000, in accordance with Condition 14 (*Notices*), the Bank will make an offer to purchase that part (subject to a minimum of US$100,000 in principal amount and integral multiples of US$1,000 in excess thereof) of the Notes pursuant to the offer described below (the **"Asset Sale Offer"**) at a price per Note in cash (the **"Asset Sale Payment"**) equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon to the date of repurchase, plus additional amounts, if any, to the date of repurchase. Pursuant to Clause 7.4 (*Prepayment in the event of Asset Sales*) of the Loan Agreement, the Borrower is required to give notice to the Bank (and, following the Loan Administration Transfer, to the Trustee), promptly and in any event within 10 calendar days after the first day of any calendar month in which Excess Proceeds exceed US$10,000,000 (the **"Borrower Excess Proceeds Notice"**) and thereafter to prepay the Loan to the extent of the aggregate principal amount plus accrued and unpaid interest thereon to the date of prepayment, plus additional amounts, if any, thereon corresponding to the aggregate principal amount plus accrued and unpaid interest and additional amounts, if any, on the Notes to be repurchased in accordance with this Condition 5(d). The aggregate principal amount plus accrued and unpaid interest thereon to the date of prepayment, plus additional amounts, if any, thereon corresponding to the aggregate principal amount plus accrued and unpaid interest and additional amounts, if any, on the Notes that are required to be repurchased by the Bank pursuant to this Condition 5(d) may not exceed the Excess Proceeds Offer Amount. The Bank, upon receipt of such Borrower Excess Proceeds Notice, shall mail a notice to each Holder postage prepaid (and if and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such Stock Exchange shall so require, will publish notice in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*)), with a copy to the Agents and, prior to the Loan Administration Transfer, the Trustee, with the following information: (i) that an Asset Sale Offer is being made pursuant to this Condition 5(d); (ii) the purchase price, the Excess Proceeds Offer Amount and the purchase date, which will be a business day which is 60 calendar days from the date of delivery to the Bank of the Borrower Excess Proceeds Notice, except as may be otherwise required by applicable law (the "**Asset Sale Payment Date**"); (iii) that any Note not properly tendered or otherwise accepted or not tendered at all will remain outstanding and continue to accrue interest and additional amounts, if any; (iv) that unless the Bank defaults in the payment of the Asset Sale Payment, all Notes accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest and additional amounts, if any, on the Asset Sale Payment Date; (v) that Holders electing to have any Notes repurchased pursuant to an Asset Sale Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" set forth as an exhibit to the Agency Agreement completed, to the Paying Agent and at the address specified in the notice prior to the close of business on the fifth business day preceding the Asset Sale Payment Date; (vi) that Holders will be entitled to withdraw their tendered Notes and their election to require the Bank to repurchase such Notes provided that the Paying Agent receives prior to the close of business on the third business day preceding the Asset Sale Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes tendered for repurchase, and a statement that such Holder is withdrawing his tendered Notes and his election to have such Notes repurchased; (vii) that, if the aggregate principal amount of the Notes surrendered by Holders exceeds the Excess Proceeds Offer Amount, the Bank shall determine the Notes to be repurchased on a *pro rata* basis (with such adjustments as may be deemed appropriate by the Bank so that only Notes in denominations of US$100,000 and integral multiples of US$1,000 in excess thereof shall be purchased); and (viii) that Holders whose Notes are being repurchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the principal amount of the Notes surrendered, which unpurchased portion must be in integral multiples of US$1,000.

(ii) The Bank will comply with the requirements of Rule 14e-1 under the United States Securities Exchange Act of 1934 and any other securities laws and regulations thereunder and will comply with the applicable laws of any non-U.S. jurisdiction in which an Asset Sale Offer is made, in each case, to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Loan Agreement or these terms and conditions, the Bank will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations contained in the Loan Agreement or these terms and conditions by virtue thereof.

(iii) On the second business day preceding the Asset Sale Payment Date, the Bank will provide a notice (the "**Bank Asset Sale Notice**") to the Trustee and the Borrower in accordance with Condition 14 (*Notices*) setting forth the aggregate Asset Sale Payment (including the computation thereof) required to be made by the Bank for such Notes or portions thereof on the Asset Sale Payment Date.

(iv) On the last business day prior to the Asset Sale Payment Date, the Borrower will, pursuant to Clause 7.4 (*Prepayment in the Event of Asset Sales*) of the Loan Agreement, deposit in the Account with the Principal Paying Agent an amount equal to the Excess Proceeds Offer Amount or portion of the Excess Proceeds Offer Amount, if applicable, in respect of the Notes or portions thereof properly tendered and not properly withdrawn pursuant to the Asset Sale Offer as set forth in the Bank Asset Sale Notice. On the Asset Sale Payment Date, the Bank will, to the extent permitted by law, (i) accept for payment, on a *pro rata* basis to the extent necessary, the Notes or portions thereof in the aggregate amount equal to the portion of the Excess Proceeds Offer Amount allocable to the Notes so properly tendered and not properly withdrawn pursuant to the Asset Sale Offer and (ii) deliver, or cause to be delivered, to the Registrar for cancellation on behalf of the Bank the Notes so accepted together with a certificate of the Management Board of the Bank stating that such Notes or portions thereof have been tendered to and purchased by the Bank. In accordance with the instructions of the Holder set forth in the Option of Holder to Elect to Purchase, the Paying Agent will promptly either (x) pay to the Holder or (y) mail to each Holder of Notes postage prepaid, the Asset Sale Payment for such Notes, and the Trustee will promptly authenticate and deliver to the Holder of the Notes a new Note Certificate or Certificates, equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided, however, that each new Note will be in integral multiples of US$1,000. The Bank will publicly announce the results of the Asset Sale Offer on or as soon as practicable after the Asset Sale Payment Date.

(e) *No other redemption:* Except where the Loan is accelerated pursuant to Clause 15.2 (*Rights of Lender upon occurrence of an Event of Default*) of the Loan Agreement, the Bank shall not be entitled to redeem the Notes otherwise than as provided in Conditions 5(b), (c) and (d) above.

(f) *Purchase:* The Bank or any of its subsidiaries or the Borrower or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

(g) *Cancellation:* All Notes so redeemed or purchased by the Bank shall be cancelled and all Notes purchased by the Borrower or any of its subsidiaries and surrendered to the Lender pursuant to Clause 7.8 (*Purchase of Instruments Issued to the Agreed Funding Source*) of the Loan Agreement, together with an authorization addressed to the Registrar by the Borrower or such subsidiaries, shall be cancelled.

6. Payments

(a) *Principal:* Payments of principal shall be made by dollar cheque drawn on, or upon application by a Holder of a Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a dollar account maintained by the payee, upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate(s) at the Specified Office of the Registrar in New York City and/or the Transfer Agent in Luxembourg.

(b) *Interest:* Payments of interest shall be made by dollar cheque drawn on, or upon application by a Holder of a Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a dollar account maintained by the payee, and (in the case of interest payable on redemption in whole) upon presentation for surrender of the relevant Note Certificate(s) at the Specified Office of the Registrar in New York City and/or the Transfer Agent in Luxembourg.

(c) *Payments on business days:* Where payment is to be made by transfer to a dollar account, payment instructions (for value the due date for payment, or, if the due date for payment is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by dollar cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of the Registrar and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In this paragraph, "business day" means any day (other than a Saturday or Sunday) on which banks generally are open for business in Frankfurt am Main, London and The City of New York and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(d) *Partial payments:* If the Principal Paying Agent makes a partial payment in respect of any Note, the Bank shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(e) *Record date:* Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Specified Office of the Registrar on the fifteenth day before the due date for such payment (the "**Record Date**") whether or not a business day. Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

(f) *Payment to the Account:* Save as the Trustee may otherwise direct at any time after the Charge created pursuant to the Trust Deed becomes enforceable, the Bank will pursuant to the provisions of Clause 7.1 of the Agency Agreement require the Borrower to make all payments of principal and interest to be made pursuant to the Loan Agreement, less any amounts in respect of the Reserved Rights, to the Account.

(g) *Payment obligations limited:*The obligations of the Bank to make payments under Conditions 5 and 6 shall constitute an obligation only to account to the Noteholders on such date upon which a payment is due in respect of the Notes, for an amount equivalent to sums of principal, interest, Additional Amounts or Tax Indemnity Amounts, if any, actually received by or for the account of the Bank pursuant to the Loan Agreement less any amount in respect of the Reserved Rights.

7. Taxation

All payments of principal and interest by or on behalf of the Bank in respect of the Notes shall be made to, or for the account of, each Holder free and clear of, and without withholding or deduction for, any Taxes imposed or levied by the Federal Republic of Germany ("**Germany**") or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Bank shall, subject as provided below, pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been made or required to be made. No such additional amounts shall be payable in respect of any Note:

(a) held by a Holder which is liable for such Taxes in respect of such Note by reason of its having some connection with Germany other than the mere holding of such Note (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, Germany); or

(b) for any Taxes, that are imposed or withheld by reason of the failure of the Holder of the Note to comply with a request of, or on behalf of, the Bank addressed to the Holder to provide information concerning the nationality, residence or identity of such Holder or to make any declaration or similar claim or satisfy any information or reporting requirement, which is required or imposed by a statute, treaty, regulation, protocol, or administrative practice of Germany as a precondition to exemption from all or part of such Taxes; or

(c) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after a Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days; or

(d) where such withholding or deduction is imposed or levied on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(e) presented for payment by or on behalf of a Holder who would be able to avoid such withholding or deduction by presenting the relevant Note Certificate to another Paying Agent in a Member State of the European Union.

Notwithstanding the foregoing provisions, the Bank shall only make payments of additional amounts to the Noteholders pursuant to this Condition 7 (*Taxation*) to the extent and at such time as it shall have actually received an equivalent amount for such purposes from the Borrower under the Loan Agreement by way of Additional Amounts or Tax Indemnity Amounts or otherwise.

To the extent that the Bank receives a lesser sum, in respect of an additional amount from the Borrower for the account of the Noteholders, the Bank shall account to each Noteholder entitled to receive such additional amount pursuant to this Condition 7 (*Taxation*) for an additional amount equivalent to a *pro rata* portion of such additional amount (if any) as is actually received by, or for the account of, the Bank pursuant to the provisions of the Loan Agreement on the date of, in the currency of, and subject to any conditions attaching to the payment of such additional amount to the Bank.

In these Conditions, "**Relevant Date**" means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 or any undertaking given in addition to or in substitution of this Condition 7 pursuant to the Trust Deed or the Loan Agreement.

If the Bank becomes subject at any time to any taxing jurisdiction other than Germany, references in these Conditions to Germany shall be construed as references to Germany and/or such other jurisdiction.

8. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years, and claims for interest due other than on redemption shall become void unless made within five years, of the appropriate Relevant Date.

9. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Bank or Registrar may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

10. Trustee and Agents

Under separate agreement between the Borrower and the Trustee, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and, under the Trust Deed, to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Bank, the Borrower and any entity relating to the Bank without accounting for any profit.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Bank, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Bank and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders. Under separate agreement between the Borrower and the Agents, the Agents are entitled to be indemnified and relieved from certain responsibilities in certain circumstances.

The initial Agents and their initial Specified Offices are listed below. The Bank reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or principal paying agent or additional or successor other paying agents and transfer agents; provided, however, that the Bank shall, if and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, maintain a transfer and paying agent in Luxembourg and shall at all time maintain a registrar outside the United Kingdom. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

If any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to such Directive is introduced, the Bank will ensure that, as soon as practicable thereafter, it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law.

11. Meetings of Noteholders; Modification and Waiver; Substitution

(a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of the Loan Agreement or any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution (as defined in the Trust Deed). Such a meeting may be convened on no less than 14 days notice by the Trustee, the Borrower or the Bank or by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more persons holding or representing more than one quarter of the aggregate principal amount of the outstanding Notes (and proposals at such meetings may only be sanctioned by one or more persons holding or representing more than half or one quarter, respectively, of the aggregate principal amount of the outstanding Notes); provided, however, that certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution, to alter the governing law of the Conditions, the Trust Deed or the Loan Agreement or to change any date fixed for payment of principal or interest under the Loan Agreement, to alter the method of calculating the amount of any payment under the Loan Agreement or to change the currency of payment or events of default under the Loan Agreement (each, a "**Reserved Matter**")) may only be sanctioned by all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

Shareholders of the Borrower who are also Noteholders shall not, by virtue of their votes alone, be allowed to pass certain Extraordinary Resolutions.

(b) *Modification and waiver:* The Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions, the Trust Deed or pursuant to the Loan Administration Transfer, the Loan Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders or which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any breach or proposed breach of the Notes or the Trust Deed by the Bank or, pursuant to the Loan Administration Transfer, the Loan Agreement by the Borrower, or determine that any event which would or might otherwise give rise to a right of acceleration under the Loan Agreement shall not be treated as such (other than a proposed breach or breach relating to a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

(c) *Substitution:* The Trust Deed contains provisions under which the Bank may, without the consent of the Noteholders, transfer the obligations of the Bank as principal debtor under the Trust Deed and the Notes to a third party provided that certain conditions specified in the Trust Deed are fulfilled.

12. Enforcement

At any time after an Event of Default (as defined in the Loan Agreement) or Relevant Event (as defined below) shall have occurred and be continuing, the Trustee may, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the Holders of at least one-quarter in principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or provided with security to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

No Noteholder may proceed directly against the Bank unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

The Trust Deed also provides that, in the case of an Event of Default, or a Relevant Event, the Trustee may, and shall if requested to do so by Noteholders of at least one-quarter in principal amount of the Notes outstanding or if directed to do so by an Extraordinary Resolution and, in either case, subject to it being secured and/or indemnified to its satisfaction, (1) require the Bank to declare all amounts payable under the Loan Agreement by the Borrower to be due and payable (in the case of an Event of Default), or (2) enforce the security created in the Trust Deed in favour of the Noteholders (in the case of a Relevant Event). Upon repayment of the Loan following an Event of Default, the Notes will be redeemed or repaid at the principal amount thereof together with interest accrued to the date fixed for redemption together with any additional amounts due in respect thereof pursuant to Condition 7 *(Taxation)* and thereupon shall cease to be outstanding.

For the purposes of these Conditions, "**Relevant Event**" means the earlier of (i) the failure by the Bank to make any payment of principal or interest on the Notes when due, (ii) the filing of an application for the institution for bankruptcy, insolvency or composition proceedings over the assets of the Bank in Germany,(iii) the filing of a notice of the Bank with the Federal Banking Supervisory Authority (*Russian text was illegible*) pursuant to Section 46b of the German Banking Act (*Russian text was illegible*), (iv) the issuance of any orders by the Federal Banking Supervisory Authority with respect to the Bank pursuant to Section 47 of the German Banking Act *(Russian text was illegible)*, including a moratorium, or (v) the taking of any action in furtherance of the dissolution (*Russian text was illegible*) of the Bank.

13. Further Issues

The Bank may from time to time, with the consent of the Borrower and without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Bank may from time to time, with the consent of the Borrower and the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

14. Notices

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices to Noteholders will be published on the date of such mailing in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe.

15. Governing Law and Jurisdiction

(a) *Governing law:* The Trust Deed, the Agency Agreement, the Notes and all other agreements entered into in connection therewith are governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction:* The Bank has in the Trust Deed (i) submitted irrevocably to the non-exclusive jurisdiction of the courts of England for the purposes of hearing any determination and suit, action or proceedings or settling any disputes arising out of or in connection with the Trust Deed or the Notes; (ii) waived any objection which it might have to such courts being nominated as the forum to hear and determine any such suit, action or proceedings or to settle any such disputes and agreed not to claim that any such court is not a convenient or appropriate forum; (iii) designated a person in England to accept service of any process on its behalf; and (iv) consented to the enforcement of any judgment.

THIRD SCHEDULE
FORM OF THE LOAN AGREEMENT

Dated April 23, 2002

$250,000,000

LOAN AGREEMENT

between

OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS"

as Borrower

and

J.P. MORGAN AG

as Lender

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
London

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THIS AGREEMENT **is made the 23 day of April 2002**

BETWEEN

(1) **OPEN JOINT STOCK COMPANY "VIMPEL-COMMUNICATIONS",** an open joint stock company organised under the laws of the Russian Federation (the "**Borrower**"); and

(2) **J.P. MORGAN AG**, a bank established under the laws of the Federal Republic of Germany and whose registered office is Grüneburgweg 2, 60322 Frankfurt am Main, Federal Republic of Germany (the "**Lender**").

It is agreed as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement the following terms have the meanings given to them in this Clause 1.1:

"*Acceleration Notice*" has the meaning set forth in Clause 15.2 (*Rights of Lender upon occurrence of an Event of Default*).

"*Account*" means an account of the Lender with JPMorgan Chase Bank, Account Number 24498502, SWIFT: CHASGB2L.

"*Additional Amounts*" has the meaning set forth in Clause 8.1(b).

"*Adjusted Consolidated Net Income*" means, for any period, the consolidated net income (or loss) of the Borrower for such period determined in conformity with GAAP; provided that the following items shall be excluded in computing Adjusted Consolidated Net Income (without duplication):

(1) the net income of any Person other than the Borrower or a Restricted Subsidiary, except that the amount of dividends or other distributions actually paid to the Borrower or any Restricted Subsidiary by such other Person during such period shall be included in determining Adjusted Consolidated Net Income (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations set forth in clause (3) below);

(2) any net income (loss) of any Person acquired by the Borrower or a Restricted Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition;

(3) the net income of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted, directly or indirectly, by any means (including by dividends, distributions, loans or otherwise) or by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary (other than in the case of any such restriction or encumbrance in effect on the date hereof (but not including any extension or renewal of any such restriction or encumbrance));

(4) any gains or losses (on an after-tax basis) attributable to Asset Sales or to a discontinuation of any line of business;

(5) any amount paid or accrued as dividends on Preferred Stock of the Borrower or any Restricted Subsidiary owned by Persons other than the Borrower or any of its Restricted Subsidiaries;

(6) all extraordinary gains and extraordinary losses, as well as the tax effects thereof; and

(7) the cumulative effect of a change in accounting principles.

"*Affiliate*" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control.

"*Agency*" means any agency, authority, central bank, department, committee, government, legislature, minister, ministry, official or public or statutory person (whether autonomous or not).

"*Agency Agreement*" means General Agreement - Contract No. 1606, as executed on April 19, 2002, between KB Impuls and Open Joint Stock Company "Vimpel-Communications", and as such Agreement may become effective upon approval by a general meeting of the Borrower's shareholders.

"*Arrangement Fee Letter*" means the letter from the Lender to the Borrower, dated April 23, 2002, setting out certain fees and expenses payable by the Borrower in connection with the Loan and the agreed funding source.

"*Asset Acquisition*" means (i) an investment by the Borrower or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Borrower or any of its Restricted Subsidiaries; provided that such Person's primary business is related, ancillary or complementary to, the businesses of the Borrower and its Restricted Subsidiaries on the date of such investment, (ii) an acquisition by the Borrower or any of its Restricted Subsidiaries of a telecommunications license or (iii) an acquisition by the Borrower or any of its Restricted Subsidiaries of the property and assets of any Person other than the Borrower or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person; provided that the property and assets acquired are related, ancillary or complementary to the businesses of the Borrower and its Restricted Subsidiaries on the date of such acquisition.

"*Asset Disposition*" means the sale or other disposition by the Borrower or any of its Restricted Subsidiaries (other than to the Borrower or another Restricted Subsidiary) of (i) all or substantially all of the Capital Stock of any Restricted Subsidiary or (ii) all or substantially all of the assets that constitute a division or line of business of the Borrower or any of its Restricted Subsidiaries.

"*Asset Sale*" means any sale, transfer or other disposition (including by way of merger, consolidation or sale-leaseback transaction) in one transaction or a series of related transactions by the Borrower or any of its Restricted Subsidiaries to any Person other than the Borrower or any of its Restricted Subsidiaries of:

(1) all or any of the Capital Stock of any Restricted Subsidiary;

(2) all or substantially all of the property and assets of an operating unit or business of the Borrower or any of its Restricted Subsidiaries; or

(3) any other property and assets of the Borrower or any of its Restricted Subsidiaries outside the ordinary course of business of the Borrower or such Restricted Subsidiary;

in each case, that is not governed by the provisions of this Agreement applicable to mergers, consolidations and sales of all or substantially all of the assets of the Borrower; provided that "Asset Sale" shall not include:

(1) sales or other dispositions of inventory, receivables and other current assets;

(2) transactions permitted under Clause 14.15 (*Merger, Consolidation and Sale of Assets*);

(3) transactions involving the sale, transfer or other conveyance, whether direct or indirect, of all or substantially all of the assets of the Borrower in accordance with Clause 14.12 (*Change of Control*);

(4) sales or other dispositions of assets with a fair market value (as certified in an Officers' Certificate) not in excess of $500,000;

(5) a sale, transfer or other disposition of Capital Stock in an Unrestricted Subsidiary by such Unrestricted Subsidiary;

(6) the issue and sale of Capital Stock by VimpelCom-Region in connection with the Conversion (as defined in the VimpelCom-Region Primary Agreement) of the Preferred Stock of VimpelCom-Region on the terms and conditions set forth in Section 2.11 of the VimpelCom-Region Primary Agreement; or

(7) the sale or other disposition by the Borrower of Preferred Stock of VimpelCom-Region on the terms and conditions set forth in Section 2.09 and Section 2.10 of the VimpelCom-Region Primary Agreement.

"*Asset Sale Payment Date*" means the date specified as such in the notice from the Borrower to the Lender pursuant to Clause 7.4(b).

"*Average Life*" means, at any date of determination with respect to any debt security, the quotient obtained by dividing:

(1) the sum of the products of (i) the number of years from such date of determination to the dates of each successive scheduled principal payment of such debt security and (ii) the amount of such principal payment by

(2) the sum of all such principal payments.

"*Bankruptcy Law*" means (i) for purposes of the Borrower and any Significant Subsidiary organized under the laws of Russia on the date hereof, the Federal Law No. 6-FZ "On Insolvency (Bankruptcy)", dated January 8, 1998 (with the amendments as of March 21, 2002), as may be amended from time to time, and any similar statute, regulation or provision of any other jurisdiction in which the Borrower or such Significant Subsidiary is organized or conducting business and (ii) for purposes of any Significant Subsidiary organized under the laws of The Netherlands on the date hereof, the *Faillissementswet*, as may be amended from time to time, and any similar statute, regulation or provision of any other jurisdiction in which such Significant Subsidiary is organized or conducting business.

"*Bee-Line Samara*" has the meaning set forth in Clause 11.1 (*Due Organisation*).

"*Board of Directors*" means, as to any Person, the board of directors of such Person or any duly authorised committee thereof.

"*Borrower*" means the party named as such above until a successor replaces it in accordance with Clause 14.15 (*Merger, Consolidation and Sale of Assets*) and thereafter means such successor.

"*Budget*" means the annual budget of a Person which shall include (i) revenues, (ii) expenditures, and (iii) a profit and business plan (which shall include all planned current expenditures, investments and expenditures for new types of activities), as well as any changes thereto or any expenditures beyond the levels stated therein (taking into account the allowed variances provided for therein).

"*Business Day*" means any day (other than a Saturday or Sunday) on which banks generally are open for business in New York, Frankfurt and London.

"*Capital Adequacy Requirement*" means a request or requirement relating to the maintenance of capital, including one which makes any change to, or is based on any alteration in, the interpretation of the International Convergence of Capital Measurement and Capital Standards (a paper prepared by the Basle Committee on Banking Regulations and Supervision, dated July 1988, and amended in November 1991) or which increases the amounts of capital required thereunder, other than a request or requirement made by way of implementation of the International Convergence of Capital Measurement and Capital Standards in the manner in which it is being implemented at the date hereof.

"*Capital Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including Preferred Stock of such Person, whether now outstanding or issued after the date hereof, including without limitation, all series and classes of such capital stock.

"*Capitalised Lease*" means, as applied to any Person, any lease of any property (whether real, personal or mixed) of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalised on the balance sheet of such Person.

"*Capitalised Lease Obligations*" means the capitalised amount of a Capitalised Lease determined in accordance with GAAP, and the amount of Indebtedness represented by such obligation will be the capitalised amount of such obligation at the time any determination thereof is to be made as determined in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"Cash *Equivalents*" means:

(1) any evidence of Indebtedness with a maturity of one year or less issued or directly and fully guaranteed or insured by an Approved Jurisdiction or any Agency or instrumentality thereof; provided that the full faith and credit of an Approved Jurisdiction (or similar concept under the laws of the relevant Approved Jurisdiction) is pledged in support thereof;

(2) current account balances, deposits, certificates of deposit, promissory notes, acceptances or money market deposits with a maturity of one year or less of (i) any institution having combined consolidated capital and surplus and undivided profits (or any similar capital concept) of not less than $500 million (or the equivalent in another currency) as determined under GAAP, international accounting standards or the accounting standards of the country in which such institution is incorporated and as set forth in the most recent publicly available financial reports published by such institution or (ii) any Subsidiary duly organized and operating as a banking institution under the laws of Russia of any banking or financial institution referred to under (i) above;

(3) current account balances, deposits, certificates of deposit, promissory notes, acceptances or money market deposits with a maturity of one year or less with any banking institution duly organized and operating under the laws of Russia having combined capital and surplus and undivided profits (or any similar capital concept) of not less than $100 million (or the equivalent in another currency) as determined under GAAP, international accounting standards or the accounting standards of the country in which such institution is incorporated and as set forth in the most recent publicly available financial reports published by such institution; provided, however, that the aggregate of such current account balances, deposits, certificates of deposit, promissory notes, acceptances or money market deposits with a maturity of one year or less may not exceed at any one time the aggregate of (x) $25 million (or the equivalent in another currency) with any single such banking institution and (y) $50 million (or the equivalent in another currency) with all such banking institutions;

(4) current account balances with any banking institution duly organized and operating under the laws of Russia having combined capital and surplus and undivided profits (or any similar capital concept) of at least $10 million (or the equivalent in another currency) but less than $100 million (or the equivalent in another currency) as determined under GAAP, international accounting standards or the accounting standards of the country in which such institution is incorporated and as set forth in the most recent publicly available financial reports published by such institution; provided, however, that the aggregate of such current account balances may not exceed at any one time (x) $15 million (or the equivalent in another currency) with any single such banking institution or (y) $50 million (or the equivalent in another currency) with all such banking institutions; provided, further, that the Borrower shall give (and not withdraw) instructions to any such banking institution with which the Borrower has a current account balance in excess of $1 million (or the equivalent in another currency) to transfer the balance in excess of such amount to a banking institution meeting the qualifications set forth in clause (2) or (3) of this definition no later than 10 Business Days from the date on which such current account balance exceeds $1 million (or the equivalent in another currency);

(5) commercial paper with a maturity of one year or less issued by a corporation (other than an Affiliate of the Borrower) organized under the laws of an Approved Jurisdiction and rated at least “A-1” by S&P or “P-1” by Moody’s;

(6) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the government of an Approved Jurisdiction which obligations mature within one year from the date of acquisition; and

(7) interests in any money market funds at least 95% of the assets of which consist of Cash Equivalents of the type discussed in clauses (1) through (5).

For the avoidance of doubt, an Investment in an investment fund or trust which invests substantially all of its assets in Investments described above in this definition or which is itself rated at least "AAA" or "A-1" by S&P or "Aaa" or "P-1" by Moody's constitutes a Cash Equivalent. For the purposes of this definition of "Cash Equivalents," "Approved Jurisdiction" means the United States of America, Switzerland, Russia, Norway and any member nation of the European Union as presently constituted.

"*Change of Control*" means such time as:

(1) any voluntary sale, transfer or other conveyance shall occur, whether direct or indirect, of all or substantially all of the assets of the Borrower, on a consolidated basis, except for the sale of any assets that are used solely to operate a network pursuant to one or more telecommunications licenses following the involuntary loss of any such telecommunications licenses, in one transaction or a series of related transactions, if, immediately after giving effect to such transaction, any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, whether or not applicable), other than an Excluded Person or Excluded Group, is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 promulgated pursuant to the Exchange Act), directly or indirectly, of more than 35% of the equity of the transferee;

(2) any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, whether or not applicable), other than an Excluded Person or Excluded Group, is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 promulgated pursuant to the Exchange Act), directly or indirectly, of more than 35% of the equity of the Borrower then outstanding normally entitled to vote in election of directors; or

(3) during any period of 12 consecutive months after the date hereof, individuals who at the beginning of any such 12-month period constituted the Board of Directors of the Borrower (together with any new directors whose nomination for election by the shareholders of the Borrower was approved by any Excluded Person or Excluded Group) cease for any reason to constitute one-third of the Board of Directors of the Borrower then in office.

"*Change of Control Payment Date*" means the date specified as such in the notice from the Borrower to the Lender pursuant to Clause 7.3(b).

"*Change of Law*" means any of the enactment or introduction of any new law, the variation, amendment or repeal of an existing or new law, and any ruling on or interpretation or application by a competent authority of any existing or new law which, in each case, occurs after the date hereof and for this purpose the word "law" means all or any of the following whether in existence at the date hereof or introduced hereafter and with which it is obligatory or customary for banks or other financial institutions or, as the case may be, companies in the relevant jurisdiction to comply:

(1) any statute, treaty, order, decree, instruction, letter, directive, instrument, regulation, ordinance or similar legislative or executive action by any national or international or local government or authority or by any ministry or department thereof and other agencies of state power and administration (including, but not limited to, taxation departments and authorities);

(2) any letter, regulation, decree, instruction, request, notice, guideline, directive, statement of policy or practice statement given by, or required of, any central bank or other monetary authority, or by or of any Taxing Authority or fiscal or other authority or agency (whether or not having the force of law); and

the decision or ruling on, the interpretation or application of, or a change in the interpretation or application of, any of the foregoing by any court of law, tribunal, central bank, monetary authority or agency or any Taxing Authority or fiscal or other competent authority or agency.

"*Commission*" means the U.S. Securities and Exchange Commission.

"*Consolidated Adjusted EBITDA*" means, for any period, the sum of the amounts for such period of:

(3) Adjusted Consolidated Net Income;

(4) Consolidated Interest Expense to the extent such amount was deducted in calculating Adjusted Consolidated Net Income;

(5) income taxes, to the extent such amount was deducted in calculating Adjusted Consolidated Net Income (other than income taxes (either positive or negative) attributable to extraordinary and non-recurring gains or losses or gains or losses on sales of assets to the extent such gains or losses were excluded from Adjusted Consolidated Net Income on an after-tax basis);

(6) depreciation expense, to the extent such amount was deducted in calculating Adjusted Consolidated Net Income;

(7) amortization expense, to the extent such amount was deducted in calculating Adjusted Consolidated Net Income; and

(8) all other non-cash items reducing Adjusted Consolidated Net Income (other than items that will require cash payments and for which an accrual or reserve is, or is required by GAAP to be, made), less all non-cash items increasing Adjusted Consolidated Net Income, all as determined on a consolidated basis for the Borrower and its Restricted Subsidiaries in conformity with GAAP;

reduced by the net sum of the following: (A) gains or losses on the trading of securities, (B) gains or losses on foreign currency exchanges, (C) other gains or losses not included in the calculation of operating income and (D) all other cash or non-cash items not included in the calculation of operating income, in the case of each clause (A) through (D) as determined on a consolidated basis for the Borrower and its Restricted Subsidiaries in conformity with GAAP and to the extent such net amounts were included in calculating Adjusted Consolidated Net Income;

provided that, if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated Adjusted EBITDA shall be reduced (to the extent not otherwise reduced in accordance with the above-mentioned items of this definition) by an amount equal to:

(A) the amount of the Adjusted Consolidated Net Income attributable to such Restricted Subsidiary multiplied by

(B) the quotient of:

(i) the number of shares of outstanding Capital Stock of such Restricted Subsidiary not owned on the last day of such period by the Borrower or any of its Restricted Subsidiaries divided by;

(ii) the total number of shares of outstanding Capital Stock of such Restricted Subsidiary on the last day of such period;

provided that, references to "Capital Stock" in this clause (B) shall exclude Preferred Stock of a Restricted Subsidiary as long as (i) the annual dividend payable on all of the excluded Preferred Stock in the aggregate shall not exceed an amount equal to $1,000 (or the equivalent in another currency), (ii) the liquidation value of all of the excluded Preferred Stock in the aggregate shall not exceed an amount equal to $1,000 (or the equivalent in another currency) and (iii) except where this definition is being applied with respect to VimpelCom-Region, the excluded Preferred Stock is not convertible into common stock;

provided, further, that if the amount so calculated (based upon the entire definition set forth above) is a negative number, Consolidated Adjusted EBITDA shall be increased (to the extent not otherwise increased in accordance with the above-mentioned items in this definition) by such amount.

"*Consolidated Interest Expense*" means, for any period, the aggregate amount of interest in respect of Indebtedness (including, without limitation, amortization of original issue discount on any Indebtedness and the interest portion of any deferred payment obligation, calculated in accordance with the effective interest method of accounting; all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, the net costs associated with Interest Rate Agreements and Currency Agreements; and interest on Indebtedness that is Guaranteed or secured by the Borrower or any of its Restricted Subsidiaries) and all but the principal component of rentals in respect of Capitalised Lease Obligations paid or accrued (without duplication) by the Borrower and its Restricted Subsidiaries during such period determined in accordance with GAAP.

"*Consolidated Leverage Ratio*" means, on any Transaction Date, the ratio of

(1) the aggregate amount of Indebtedness of the Borrower and its Restricted Subsidiaries on a consolidated basis outstanding on such Transaction Date to

(2) the aggregate amount of Consolidated Adjusted EBITDA for the then most recent four fiscal quarters for which financial statements of the Borrower have been filed with the Commission (or, if the Borrower is not subject to the Commission's reporting requirements, such financial statements of the Borrower as would have been filed if the Borrower were subject to the same) pursuant to Clause 14.1(a)(i) or (ii), as the case may be (such four fiscal quarter period being the "Four Quarter Period"); provided that:

(A) if the Borrower or any of its Restricted Subsidiaries:

(i) has Incurred any Indebtedness since the beginning of the Four Quarter Period through the Transaction Date (the "Reference Period") that remains outstanding on the Transaction Date or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is an Incurrence of Indebtedness, or both, Consolidated Adjusted EBITDA for such Reference Period will be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such Reference Period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the Transaction Date will be computed based on (a) the average daily balance of such Indebtedness during such Reference Period or such shorter period for which such facility was outstanding or (b) if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the Transaction Date) and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such Reference Period; or

(ii) has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of the Reference Period that is no longer outstanding on the Transaction Date or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio involves a discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and the related commitment terminated), Consolidated Adjusted EBITDA for such Reference Period will be calculated after giving effect on a pro forma basis to such discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such discharge had occurred on the first day of the Reference Period;

(B) if since the beginning of the Reference Period the Borrower or any of its Restricted Subsidiaries has made any Asset Disposition or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is an Asset Disposition, Consolidated Adjusted EBITDA for such Reference Period will be reduced by an amount equal to the Consolidated Adjusted EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Disposition for such period or increased by an amount equal to the Consolidated Adjusted EBITDA (if negative) directly attributable thereto for such Reference Period;

(C) if since the beginning of the Reference Period the Borrower or any of its Restricted Subsidiaries (by merger or otherwise) has made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary or is merged with or into the Borrower) or an Asset Acquisition, including any Asset Acquisition occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated Adjusted EBITDA for such Reference Period will be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or Asset Acquisition occurred on the first day of such Reference Period; and

(D) if since the beginning of the Reference Period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Borrower or any of its Restricted Subsidiaries since the beginning of such Reference Period) will have made any Asset Disposition, Investment or Asset Acquisition that would have required an adjustment pursuant to clause (B) or (C) above if made by the Borrower or one of its Restricted Subsidiaries during such Reference Period, Consolidated Adjusted EBITDA for such Reference Period will be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or Asset Acquisition occurred on the first day of such Reference Period.

For purposes of this definition, whenever pro forma effect is to be given to an Investment or Asset Acquisition and the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, or any other calculation under this definition, the pro forma calculations will be determined in good faith by a responsible financial or accounting Officer of the Borrower (including pro forma expense and cost reductions calculated on a basis consistent with Regulation S-X under the Securities Act). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense of such Indebtedness will be calculated as if the rate in effect on the Transaction Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months).

"*Controlled Restricted Subsidiary*" means a Restricted Subsidiary of the Borrower in respect of which the Borrower has the right (by operation of law, contract or charter documents, articles of association or by-laws or equivalent constitutive documents of such Restricted Subsidiary, as a shareholder or through its rights of appointment to the Board of Directors of such Restricted Subsidiary) to veto the following business decisions: (i) the establishment, amendment and implementation of its Budget, (ii) any transaction or series of related transactions not contemplated by its Budget with a value in excess of 5% of the aggregate book value under GAAP of the assets of such Restricted Subsidiary, and (iii) an amendment of its charter, by-laws or other constitutional documents. For the avoidance of doubt (1) the definition of "Controlled Restricted Subsidiary" shall include any Restricted Subsidiaries of the Borrower in which the Borrower owns, directly or indirectly, more than 75% of the Voting Stock and more than 50% of the economic ownership interest, (2) as used in this definition, the term "Restricted Subsidiary" shall only include such Subsidiaries of the Borrower in which the Borrower, directly or indirectly, has more than a 50% economic ownership interest, and (3) at the date of execution of this Agreement and at the date of making the Loan (as set forth in Clause 3 ("*Availability of the Loan*")), this definition of "Controlled Restricted Subsidiary" shall include VimpelCom-Region.

"*Credit Facility*" means one or more credit agreements, loan agreements or similar facilities with banks or other institutional lenders, providing for revolving credit loans, term loans (including receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables)), bankers' acceptances or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time; provided that the lead bank and arranger for such Credit Facility shall be (i) the European Bank for Reconstruction and Development, a similar publicly-funded multilateral financial institution or export agency, or other nationally or internationally recognized commercial lender which may syndicate to, or include as co-lenders, other banks or financial institutions, or (ii) Telenor ASA, Telenor East Invest AS or any of their respective Subsidiaries; provided that any Credit Facility provided or arranged by an entity identified in clause (ii) of this definition shall only be made to the Borrower.

"*Currency Agreement*" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement.

"*Default*" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"*Dispute*" has the meaning set forth in Clause 25.7 (*Arbitration*).

"*Environmental Laws*" has the meaning set forth in Clause 11.9 (*Environmental and Labour Laws*).

"*Event of Default*" has the meaning set forth in Clause 15.1 (*Circumstances which constitute Events of Default*).

"*Excess Proceeds*" has the meaning set forth in Clause 14.9 (*Asset Sales*).

"*Exchange Act*" means the United States Securities Exchange Act of 1934, as amended.

"*Excluded Group*" means a "group" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) that includes one or more Excluded Persons; provided that the voting power of the Capital Stock of the Borrower "beneficially owned" (as such term is used in Rule 13d-3 promulgated under the Exchange Act) by such Excluded Persons (without attribution to such Excluded Persons of the ownership by other members of the "group") represents a majority of the voting power of the Capital Stock "beneficially owned" (as such term is used in Rule 13d-3 promulgated under the Exchange Act) by such group.

"*Excluded Person*" means (1) Telenor ASA, Telenor East Invest AS and any of their respective Affiliates or (2) Eco Telecom Limited and any of its Affiliates; provided that for purposes of this definition, "Affiliates" shall not include the proviso contained in the definition thereof.

"*Fair Market Value*" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors of the Borrower (including a majority of the disinterested directors, if any) whose determination shall be conclusive if evidenced by a resolution of such Board of Directors.

"*GAAP*" means U.S. generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board ("**FASB**") or, if FASB ceases to exist, any successor thereto; provided, however, that for purposes of determining compliance with this Agreement, "GAAP" means such generally accepted accounting principles as in effect on the date hereof.

"*Germany*" means the Federal Republic of Germany and any political sub-division or agency thereof or therein.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guaranteed Indebtedness*" has the meaning set forth in Clause 14.14(a) (*Issuances of Guarantees by Restricted Subsidiaries*).

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"*Incur*" (or any derivative term thereof) means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness, including an Incurrence of Indebtedness by reason of a Person becoming a Restricted Subsidiary; provided that neither the accrual of interest nor the accretion of original issue discount shall be considered an Incurrence of Indebtedness. Solely for purposes of determining compliance with Clause 14.7 (*Incurrence of Indebtedness*), (1) the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms and (2) unrealised losses or charges in respect of Hedging Obligations (including those resulting from FAS 133) will be deemed not to be Incurrences of Indebtedness. A Guarantee otherwise permitted by this Agreement to be Incurred by the Borrower or a Restricted Subsidiary of Indebtedness Incurred in compliance with the terms of this Agreement by the Borrower or a Restricted Subsidiary, as applicable, shall not constitute a separate Incurrence of Indebtedness.

"*Indebtedness*" means, with respect to any Person at any date of determination (without duplication),

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, excluding Trade Payables and accrued current liabilities arising in the ordinary course of business;

(3) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto);

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property, assets or services (including, without limitation, any fees paid in connection with any mobile telecommunications licenses), which purchase price is due more than six months after the earlier of the date of placing such property in service or taking delivery and title thereto or the completion of such services, except Trade Payables or other accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith;

(5) all Capitalized Lease Obligations of such Person;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of:

  (A) the Fair Market Value of such asset at such date of determination; and

  (B) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(8) to the extent not otherwise included in this definition, net obligations under Currency Agreements and Interest Rate Agreements; and

(9) the maximum redemption amount of any Redeemable Stock or the maximum redemption amount or principal amount of any security which any Redeemable Stock is convertible or exchangeable into in accordance with clause (3) of the definition of Redeemable Stock.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations as described above, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided:

(A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(B) that Indebtedness shall not include any liability for federal, state, local or other Taxes; and

(C) that Indebtedness shall not include obligations of any Persons (x) arising from the honoring by a bank or other financial institution of a check, 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, (y) resulting from the endorsement of negotiable instruments for collection in the ordinary course of business and consistent with past business practices and (z) under stand-by letters of credit or guarantees to the extent collateralized by cash or Cash Equivalents.

"*Interest Payment Date*" means April 26 and October 26 of each year in which the Loan remains outstanding, being the last day of the corresponding Interest Period, commencing on October 26, 2002, and the last such date being the Repayment Date;

"*Interest Period*" means, except as otherwise provided herein, any of those periods mentioned in Clause 4 (*Interest Periods*);

"*Interest Rate*" means, except as otherwise provided herein, the interest rate specified in Clause 5.2 (*Calculation of Interest*);

"*Interest Rate Agreement*" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement.

"*Investment*" in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of Guarantee or similar arrangement; but excluding (i) advances to customers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable on the balance sheet of the Borrower or any Restricted Subsidiary, and (ii) advances to suppliers (including advances to suppliers of equipment) and advance payments of federal, state, local or other Taxes and customs duties in the ordinary course of business that are, in conformity with GAAP, recorded as prepayments or other non current assets on the balance sheet of the Borrower or any Restricted Subsidiary) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person and shall include:

(1) the designation of a Restricted Subsidiary as an Unrestricted Subsidiary; and

(2) the Fair Market Value of the Capital Stock (or any other Investment), held by the Borrower or any of its Restricted Subsidiaries, of (or in) any Person that has ceased to be a Restricted Subsidiary, including, without limitation, by reason of any transaction permitted by Clause 14.13 (*Issuance and Sale of Capital Stock of Restricted Subsidiaries*);

provided that "Investment" shall not include:

(1) endorsements of negotiable instruments and documents in the ordinary course of business; or

(2) an acquisition of Capital Stock or other securities by the Borrower for consideration consisting exclusively of Capital Stock (other than Redeemable Stock) of the Borrower.

For purposes of the definition of "Unrestricted Subsidiary" and Clause 14.8 (*Restricted Payments*),

(1) "Investment" shall include the portion of (proportionate to the Borrower's direct or indirect equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) the Fair Market Value of the assets (net of liabilities (other than liabilities to the Borrower or any Restricted Subsidiary)) of any Restricted Subsidiary of the Borrower at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary;

(2) the Fair Market Value of the assets (net of liabilities (other than liabilities to the Borrower or its Subsidiaries)) of any Unrestricted Subsidiary at the time that such Unrestricted Subsidiary is designated a Restricted Subsidiary shall be considered a reduction in outstanding Investments; and

(3) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer.

"*KB Impuls*" means Open Joint Stock Company "KB Impuls".

"*KB Impuls* License" means the license to operate a network based on the Global System for Mobile Communications standard in the City of Moscow and the Moscow Region (*Oblast*) owned by KB Impuls on the date hereof and any license that replaces or succeeds to such license.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any Affiliate of the seller, or any agreement to give any security interest).

"*Loan*" means the $250,000,000 term loan granted to the Borrower by the Lender in this Agreement.

"*Material Adverse Effect*" has the meaning set forth in Clause 11.1 (*Due Organisation*).

"*Material Mobile License*" means any one or more mobile telecommunications licenses required for the provision of mobile telecommunications services, including mobile Internet and e-commerce services, which individually or in the aggregate account for at least 65% of the Borrower's revenues on a consolidated basis during the 12 months ended at the latest reported calendar quarter.

"*Net Cash Proceeds*" means,

(1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Cash Equivalents (except to the extent such obligations are financed or sold with recourse to the Borrower or any Restricted Subsidiary) and proceeds from the conversion of other property received when converted to cash or Cash Equivalents, net of:

(2) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

(3) provisions for all Taxes (whether or not such Taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Borrower and its Restricted Subsidiaries, taken as a whole;

(4) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either:

(i) is secured by a Lien on the property or assets sold, or

(ii) is required to be paid as a result of such sale; and

appropriate amounts to be provided by the Borrower or any of its Restricted Subsidiaries as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP;

(5) with respect to any issuance or sale of Capital Stock or any options, warrants or other rights to acquire Capital Stock or Indebtedness exchangeable or convertible into Capital Stock, the proceeds of such issuance or sale in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Cash Equivalents (except to the extent such obligations are financed or sold with recourse to the Borrower or any Restricted Subsidiary) and proceeds from the conversion of other property received when converted to cash or Cash Equivalents, net of attorney's fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result thereof.

"*N.Teks*" has the meaning set forth in Clause 11.1 (*Due Organisation*).

"*Officer*" means, with respect to a Person, the Chairman of the Board of Directors, the General Director, the Chief Executive Officer, the President, the Chief Financial Officer, the Controller, the Treasurer or the General Counsel of such Person.

"*Officers' Certificate*" means a certificate signed by two Officers of the Borrower.

"*Opinion of Counsel*" means a written opinion from legal counsel who is reasonably acceptable to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements). The counsel may be an employee of or counsel to the Borrower or the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements).

"*permits*" has the meaning set forth in Clause 11.11 (*Permits and Licences*).

"*Permitted Business*" means the business in which the Borrower or its Subsidiaries are engaged, directly or indirectly, that consists primarily of, or is related to, operating, acquiring, designing, developing, installing, integrating, managing, providing and contracting any telecommunications systems and/or services, Internet and e-commerce services (including content packaging and delivery, broadband data transmission, digital television and related, ancillary or complementary businesses) and activities, including, without limitation, any business in which the Borrower or any of its Subsidiaries is engaged on the date hereof.

"*Permitted Investment*" means:

(1) an Investment in the Borrower or a Controlled Restricted Subsidiary or a Person which will, upon the making of such Investment, become a Controlled Restricted Subsidiary or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Borrower or a Controlled Restricted Subsidiary; provided that such Person's primary business is a Permitted Business on the date of such Investment;

(2) cash or Cash Equivalents;

(3) commission, payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to and held by the Borrower or any Restricted Subsidiary of the Borrower or in satisfaction of judgments or pursuant to a reorganisation, recapitalization, workout or bankruptcy of or arising as a result of a foreclosure of a debtor;

(5) Investments made as a result of the receipt of non-cash consideration from any Asset Sale made in compliance with Clause 14.9 (*Asset Sales*);

(6) Capital Stock of the Borrower purchased by VC ESOP N.V. to handle cashless exercises of options, warrants or other rights to acquire such shares of Capital Stock as part of any stock option or similar program established for employees of the Borrower;

(7) loans and advances to officers or employees of the Borrower or a Restricted Subsidiary that do not exceed in the aggregate $1 million at any one time outstanding; and

(8) Currency Agreements and Interest Rate Agreements designed solely to protect the Borrower or its Restricted Subsidiaries against fluctuations in interest rates or foreign currency exchange rates.

"*Permitted Joint Venture*" means any joint venture between the Borrower or any Restricted Subsidiary and any Person other than a Subsidiary, engaged in the Permitted Business as determined in good faith by the Board of Directors of the Borrower (whose determination shall be conclusive if evidenced by a Board resolution); provided that prior to making any Investment in any such Person, the Board of Directors shall have determined that such Investment fits the Borrower's strategic plan and is on terms that are fair and reasonable to the Borrower.

"*Permitted Liens*" means:

(1) Liens securing the Loan;

(2) Liens granted by a Restricted Subsidiary in favour of the Borrower or another Restricted Subsidiary as to which such Restricted Subsidiary is a Subsidiary, with respect to the property or assets, or any income or profits therefrom, of such Restricted Subsidiary;

(3) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, material men, repairmen or other similar Liens arising in the ordinary course of business;

(4) any Lien existing on the date of this Agreement;

(5) any Lien on any property or assets of any Person or on any property or assets of the Restricted Subsidiaries of such Person existing at the time such Person is merged or consolidated with or into the Borrower or any of its Restricted Subsidiaries or becomes a subsidiary of the Borrower and not created in contemplation of such event; provided that no such Lien shall extend to any other property or assets of such Person or to any other property or assets of the Restricted Subsidiaries of such Person, the Borrower or any of its Restricted Subsidiaries;

(6) any Lien existing on any property or assets prior to the acquisition thereof by the Borrower or any of its Restricted Subsidiaries and not created in contemplation of such acquisition; provided that no such Lien shall extend to any other property or assets or any property or assets of the Borrower or any of its Restricted Subsidiaries;

(7) any Lien on any property or assets securing Indebtedness of the Borrower or any of its Restricted Subsidiaries Incurred or assumed for the purpose of financing all or part of the cost of acquiring, repairing or refurbishing such property or assets; provided, that (i) such Lien is created solely for the purpose of securing Indebtedness Incurred by such Restricted Subsidiary in compliance with Clause 14.7 (*Incurrence of Indebtedness*) and Clause 14.14 (*Issuances of Guarantees by Restricted Subsidiaries*), (ii) no such Lien shall extend to any other property or assets of the Borrower or any of its Restricted Subsidiaries other than the assets affixed thereto, and proceeds thereof, (iii) the aggregate principal amount of all Indebtedness secured by Liens under this clause (7) on such property or assets does not exceed the purchase price of such property or assets and (iv) such Lien attaches to such property or assets concurrently with the repair or refurbishing thereof or within 90 days after the acquisition thereof, as the case may be;

(8) easements, rights-of-way, restrictions and any other similar charges or encumbrances incurred in the ordinary course of business and not interfering in any material respect with the business of the Borrower or any of its Restricted Subsidiaries;

(9) Liens securing Hedging Obligations so long as the related Indebtedness is permitted to be Incurred under this Agreement and any such Hedging Obligation is not speculative;

(10) extension, renewal or replacement of any Lien described in clauses 1 through 9 above; provided that (i) such extension, renewal or replacement shall be no more restrictive in any material respect than the original Lien, (ii) the amount of Indebtedness secured by such Lien is not increased and (iii) if the property or assets securing the Indebtedness subject to such Lien are changed in connection with such refinancing, extension or replacement, the Fair Market Value of such property or assets is not increased;

(11) any Lien on the property or assets of the Borrower or any Restricted Subsidiaries of the Borrower securing Indebtedness of the Borrower or such Restricted Subsidiaries Incurred under one or more Credit Facilities in an aggregate principal amount outstanding at any one time not to exceed $200 million (or the equivalent in another currency), less the aggregate amount of all permanent reduction of Indebtedness (and a permanent reduction of the related commitments to lend or amount to be reborrowed in the case of a revolving credit facility) under such Credit Facilities by the Borrower or any of its Restricted Subsidiaries pursuant to Clause 14.9(b)(i)(1);

(12) any pledge of Capital Stock of the Borrower in favor of a Restricted Subsidiary in connection with the direct or indirect issuance by the Borrower of securities convertible into or exchangeable for Capital Stock of the Borrower;

(13) any additional Lien; provided that immediately after giving effect to such Lien, all the secured Indebtedness in the aggregate secured by such additional Liens under this clause 13 does not exceed 2% of the Borrower's total consolidated assets as of the end of the most recently completed fiscal quarter;

(14) pledges or deposits by such Person in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party or to secure public or statutory obligations of such Person or deposits or cash or Russian government bonds to secure bid, surety or appeal bonds to which such Person is a party, or for contested taxes or import or custom duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(15) Liens imposed by law, and Liens in favor of customs authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods, in each case for sums not yet due or being contested in good faith by appropriate proceedings, if a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(16) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings provided reserves required pursuant to GAAP have been taken on the books of the Borrower or its Restricted Subsidiaries;

(17) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired; and

(18) Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution; provided that (x) such deposit account is not a pledged cash collateral account and (y) such deposit account is not intended by the Borrower or the Restricted Subsidiary to provide collateral to the depository institution;

provided, that no Lien on the property, income or assets of the Borrower shall be a "Permitted Lien" other than a Lien arising by operation of law.

"*Person*" means any individual, corporation, partnership, joint venture, trust unincorporated organization or government or any Agency or political subdivision thereof.

"*Preferred Stock*" means, with respect to any Person any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's preferred or preference equity, whether now outstanding or issued after the closing date, including, without limitation, all series and classes of such preferred stock or preference stock.

"*Proceedings*" has the meaning set forth in Clause 25.2 (*English Courts*).

"*Qualified Consideration*" is defined to mean (1) Cash Equivalents, (2) Replacement Assets, (3) any securities or other obligations that are converted into or exchanged for cash or Cash Equivalents within 60 days after an Asset Sale or (4) the assumption of (a) any Indebtedness of the Borrower by the purchaser of Assets pursuant to Clause 14.9(a) (*Asset Sales*) which ranks pari passu in right of payment to the Loan and (b) any Indebtedness of a Restricted Subsidiary.

"*Qualifying Jurisdiction*" means any jurisdiction which has a double taxation treaty with Russia under which the payment of interest by Russian borrowers to lenders in the jurisdiction in which a lender is incorporated is generally able to be made without deduction or withholding of Russian income tax (upon completion of any necessary formalities required in relation thereto).

"*Rating Agencies*" means Moody's Investors Service Limited ("**Moody's**") or any successor to its rating agency business and Standard & Poor's Ratings Services, a division of McGraw-Hill Companies, Inc. ("**S&P**") or any successor to its rating agency business;

"*Rating Categories*" means (1) with respect to S&P, any of the following categories (any of which may include a "+" or "-"): AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories); (2) with respect to Moody's, any of the following categories (any of which may include a "1," "2" or "3"): Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories), and (3) the equivalent of any such categories of S&P or Moody's used by another rating agency, if applicable;

"*Rating Decline*" means that at any time within 90 days (which period shall be extended so long as the rating of the Loan or of any instruments issued to the agreed funding source is under publicly announced consideration for possible downgrade by any Rating Agency) after the date of public notice of any transaction or series of transactions subject to Clause 14.15 (*Merger, Consolidation and Sale of Assets*) hereof, or of the intention of the Borrower or of any Person to effect such a transaction or series of transactions, the rating of the Loan or of any instruments issued to the agreed funding source is decreased by both Rating Agencies by one or more Rating Categories;

"*Redeemable Stock*" means any class or series of Capital Stock of any Person that by its terms or otherwise is:

(1) required to be redeemed prior to the Stated Maturity of the Loan;

(2) redeemable at the option of the holder (other than in connection with a "Reorganization" or a "Major Transaction" as such terms are defined in Article 15 and Article 78, respectively, of the Federal Law on Joint Stock Companies of the Russian Federation, as such law may be amended, supplemented or modified from time to time or any successor statute or statutes thereof) of such class or series of Capital Stock at any time prior to the Stated Maturity of the Loan; or

(3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Loan;

provided that any Capital Stock that would not constitute Redeemable Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an Asset Sale or Change of Control occurring prior to the Stated Maturity of the Loan shall not constitute Redeemable Stock if the Asset Sale or Change of Control provisions applicable to such Capital Stock are no more favourable in any material respect to the holders of such Capital Stock than the provisions of Clauses 14.9 (*Asset Sales)* and 14.12 (*Change of Control*) and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Borrower's repurchase of such Loan as are required to be repurchased pursuant to Clauses 14.8(a)(iii) and 14.8(b)(ii).

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, renew or repay (including pursuant to any defeasance or discharge mechanism) (collectively, "refinance", "refinances", and "refinanced" shall have a correlative meaning) any Indebtedness (1) existing on the date hereof, (2) that refinances the Loan and Subsidiary Guarantees pursuant to Clause 14.14 (*Issuances of Guarantees by Restricted Subsidiaries*) or (3) that refinances Refinancing Indebtedness; provided that (x) any such Refinancing Indebtedness complies with Clause 14.11 (b)(vi) hereof and (y) any refinancing of Subordinated Indebtedness complies with Clause 14.8 (*Restricted Payments*).

"*Related Person*" of any Person means any other Person directly or indirectly owning:

(1) 5% or more of the outstanding Capital Stock of such Person (or, in the case of a Person that is not a corporation, 5% or more of the equity interest in such Person); or

(2) 5% or more of the combined voting power of the Voting Stock of such Person.

"*Replacement Assets*" means any property (including Capital Stock) plant or equipment of a nature or a type that are used or usable in a Permitted Business.

"*Repayment Date*" means the third anniversary of the date, referred to in Clause 3 (*Availability of the Loan*), on which the Loan is made hereunder, or if such day is not a Business Day, the next succeeding Business Day.

"*Restricted Payments*" has the meaning set forth in Clause 14.8(a)(iv) (*Restricted Payments*).

"*Restricted Subsidiary*" means any Subsidiary of the Borrower other than an Unrestricted Subsidiary.

"*Rules*" has the meaning set forth in Clause 25.7 (*Arbitration*).

"*Russia*" shall mean the Russian Federation and any province or political subdivision or Agency thereof or therein, and "*Russian*" shall be construed accordingly.

"*Securities Act*" means the United States Securities Act of 1933, as amended.

"*Services Agreement*" means General Agreement - Contract No. 1605, dated 16 May 1997 (redaction of 1 September 1998) between KB Impuls and Open Joint Stock Company "Vimpel-Communications" (as amended most recently by Amendment No. 9 dated 30 June 2000).

"*Side Letter*" means the letter, dated the date hereto, from the Borrower to the Lender.

"*Significant Subsidiary*" means

(1) at the date of execution of this Agreement and at the date of the making of the Loan (as set forth in Clause 3 (*Availability of the Loan*)), KB Impuls, Closed Joint Stock Company Impuls KB, Closed Joint Stock Company RTI Service Svyaz, Closed Joint Stock Company Sotovaya Kompanya, VimpelCom Finance B.V., VimpelCom B.V., Closed Joint Stock Company MSS-Start and VimpelCom-Region,

(2) at any date of determination, any Subsidiary of the Borrower that holds or has the right, title or interest to or in any telecommunications license which license is responsible for generating more than 10% of the consolidated revenues of the Borrower and its Restricted Subsidiaries, and

(3) at any date of determination, any Restricted Subsidiary that, together with its Subsidiaries,

  (A) for the most recent fiscal year of the Borrower, accounted for more than 10% of the consolidated revenues of the Borrower and its Restricted Subsidiaries; or

  (B) as of the end of such fiscal year, was the owner of more than 10% of the consolidated assets of the Borrower and its Restricted Subsidiaries, all as set forth on the most recently available consolidated financial statements of the Borrower for such fiscal year.

"*Stated Maturity*" means:

(1) with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final installment of principal of such Indebtedness is due and payable; and

(2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified in such Indebtedness as the fixed date on which such installment is due and payable.

"*Subordinated Indebtedness*" means any Indebtedness of the Borrower (whether outstanding on the date hereof or thereafter Incurred) which is expressly subordinate in right of repayment to the Loan pursuant to a written agreement.

"*Subsidiary*" means, with respect to any Person, (i) a corporation more than 50% of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such Person, by such Person and one or more Subsidiaries of such Person or by one or more Subsidiaries of such Person, or (ii) a partnership in which such Person or a Subsidiary of such Person is, at the time, a general partner of such partnership, or (iii) any other Person in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has (x) over a 50% ownership interest or (y) the power to elect or direct the election of a majority of the directors, members of the board of directors or other governing body of such Person; provided that for the avoidance of doubt, at the date of execution of this Agreement and at the date of the advance of the Loan (as set forth in Clause 3), with respect to the Borrower, "Subsidiary" shall include VimpelCom-Region, and KB Impuls.

"*Subsidiary Guarantee*" has the meaning set forth in Clause 14.14 (*Issuances of Guarantees by Restricted Subsidiaries*).

"Surviving Entity" has the meaning set forth in Clause 14.15(a).

"Taxes" has the meaning set out in Clause 8.1 (Additional Amounts).

"Tax Indemnity Amounts" has the meaning set out in Clause 8.3 (Tax Indemnity).

"Taxing Authority" has the meaning set out in Clause 8.1 (Additional Amounts).

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or Guaranteed by any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transaction Date" means, with respect to the Incurrence of any Indebtedness by the Borrower or any of its Restricted Subsidiaries, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"*unpaid sum*" has the meaning set forth in Clause 16.1 (*Default Interest Periods*).

"*Unrestricted Subsidiary*" means:

(1) from the date of execution of this Agreement until such time as the Borrower determines that such Subsidiary shall be designated a Restricted Subsidiary in the manner provided below, each of the Subsidiaries of the Borrower identified on Schedule I to this Agreement;

(2) any Subsidiary of the Borrower that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below; and

(3) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Restricted Subsidiary (including any newly acquired or newly formed Subsidiary of the Borrower) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, the Borrower or any Restricted Subsidiary; provided that such designation would be permitted under Clause 14.8 (*Restricted Payments*).

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that:

(1) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such designation; and

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately after such designation would, if incurred at such time, have been permitted to be incurred for all purposes of this Agreement.

Any such designation by the Board of Directors shall be evidenced to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) by filing with the Lender a copy of the resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"Variant-Inform" has the meaning set forth in Clause 11.1 (Due Organisation).

"*VimpelCom Primary Agreement*" means the Primary Agreement, dated as of May 30, 2001, between and among Telenor East Invest AS and Eco Telecom Limited, as the purchasers, and the Borrower, as the issuer, as in effect on the date hereof.

"VimpelCom-Region" means Open Joint Stock Company "VimpelCom-Region".

"*VimpelCom-Region Primary Agreement*" means the Primary Agreement, dated May 30, 2001, between VimpelCom-Region, Eco Telecom Limited, Telenor East Invest AS and the Borrower, as the purchasers, and VimpelCom-Region, as the issuer, as amended through, and in effect on, the date hereof and as may be amended in accordance with the description contained in the notice sent to the shareholders of the Borrower in connection with the 2002 annual general meeting of shareholders.

"*VimpelCom-Region Shareholders' Agreement*" means the Shareholders' Agreement, dated as of May 30, 2001, among the Borrower, Eco Telecom Limited and Telenor East Invest AS, as the shareholders, and VimpelCom-Region, as the company, as amended through, and in effect on, the date hereof and as may be amended in accordance with the description contained in the notice sent to the shareholders of the Borrower in connection with the 2002 annual general meeting of shareholders.

"*Voting Stock*" means with respect to any Person, any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, management board, managers or trustees of such Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"*Wholly Owned*" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

Other Definitions

the "*Lender*" shall be construed so as to include its and any subsequent successors, assignees and chargees in accordance with their respective interests;

"*agreed funding source*" shall mean any person to whom the Lender owes any Indebtedness (including securities), which Indebtedness was incurred solely and expressly to fund the Loan (including a designated representative of such person);

the "*equivalent*" on any given date in one currency (the "first currency") of an amount denominated in another currency (the "second currency") is a reference to the amount of the first currency which could be purchased with the amount of the second currency at the spot rate of exchange quoted on the relevant Reuters page or, where the first currency is (i) roubles and the second currency is (ii) U.S. Dollars, or as the case may be euros (or vice versa), by the Central Bank of Russia, at or about noon (London time or Brussels time (as applicable) or, as the case may be, Moscow time) on such date for the purchase of the first currency with the second currency;

"*repay*" (or any derivative form thereof) shall, subject to any contrary indication, be construed to include "prepay" (or, as the case may be, the corresponding derivative form thereof); and

"*VAT*" shall be construed as a reference to value added tax including any similar tax which may be imposed in place thereof from time to time.

1.2 Interpretation

Unless the context otherwise requires,

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP consistently applied;

(c) "or" is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) provisions apply to successive events and transactions;

(f) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the Commission from time to time; and

(g) references to "$" or "U.S. dollars" are to United States dollars and references to "Roubles" are to Russian roubles.

1.3 Statutes

Any reference in this Agreement to a statute shall be construed as a reference to such statute as the same may have been, or may from time to time be, amended or re-enacted.

1.4 Headings

Clause and Schedule headings are for ease of reference only.

1.5 Amended Documents

Except where the contrary is indicated, any reference in this Agreement to this Agreement, the Arrangement Fee Letter or any other agreement or document shall be construed as a reference to this Agreement, the Arrangement Fee Letter or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented.

2. THE LOAN

The Lender grants to the Borrower, upon the terms and subject to the conditions hereof, a single disbursement term loan facility in the amount of $250,000,000, funded by the agreed funding source.

3. AVAILABILITY OF THE LOAN

The Loan will be available by way of a single advance which will be made by the Lender to the Borrower, and the Borrower will draw down the Loan, on April 26, 2002, or such later date as may otherwise be agreed by the parties to this Agreement, if:

(1) the Lender has not, prior to April 26, 2002, or such later date as may otherwise be agreed by the parties to this Agreement, notified the Borrower that it has not received the condition precedent documents as listed in the agreements entered into in connection with the agreed funding source in form and substance satisfactory to the Lender;

(2) the Lender has received funding of the Loan from the agreed funding source; and

(3) no event has occurred or circumstance arisen which would, whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement, constitute an event described under Clause 15 (*Events of Default*) and the representations set out in Clause 11 (*Representations and Warranties of the Borrower*) are true and accurate in all material respects on and as of the proposed date for the making of such Loan.

4. INTEREST PERIODS

The period for which the Loan is outstanding shall be divided into successive semi-annual periods, ending on and excluding April 26 and October 26, each of which, other than the first (which shall commence on, and shall include, April 26, 2002) shall start on, and shall include, the last day of the preceding such period (each, an "**Interest Period**").

5. PAYMENT AND CALCULATION OF INTEREST

5.1 Payment of Interest

Not later than noon (London time) one Business Day prior to each Interest Payment Date the Borrower shall pay all accrued and unpaid interest, any Additional Amounts, and any Tax Indemnity Amounts, calculated to the last day of each Interest Period, on the outstanding principal amount of the Loan to the Account.

5.2 Calculation of Interest

The amount of interest payable for any Interest Period shall be calculated by applying the rate of 10.45% per annum (the "**Interest Rate**") to the amount of the Loan, dividing the product by two, and rounding the resulting figure to the nearest cent, half a cent being rounded upwards. When interest is required to be calculated for any other period, it shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the actual number of days elapsed.

6. REPAYMENT

Subject to Clause 15.2 (*Rights of Lender upon occurrence of an Event of Default*), not later than noon (London time) one Business Day prior to the Repayment Date, the Borrower shall repay in full the outstanding principal amount of the Loan and, to the extent not already paid in accordance with Clause 5.1 (*Payment of Interest*), all accrued and unpaid interest, any Additional Amounts, and any Tax Indemnity Amounts, calculated to the last day of the last Interest Period.

7. PREPAYMENT

7.1 Prepayment for Tax Reasons

If, as a result of the application of or any amendment to or change (including a change in interpretation or application) in the double taxation treaty between Russia and Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) or the laws or regulations of Russia or Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) or of any political sub-division thereof or any Agency therein, the Borrower would thereby be required to pay any Additional Amounts in respect of Taxes pursuant to Clause 8.1 (*Additional Amounts*), or make any Tax Indemnity Amounts pursuant to Clause 8.3 (*Tax Indemnity*), then the Borrower may (without premium or penalty), upon not less than 30 calendar days' written notice to the Lender (and, following the execution of the agreements entered into in connection with the agreed funding source, to the party designated by such agreements) including an Officers' Certificate of the Borrower, to the effect that the Borrower would be required to pay such Additional Amounts or Tax Indemnity Amounts, which notice shall be irrevocable, prepay the Loan in whole (but not in part) at any time together with all accrued and unpaid interest, any Additional Amounts and any Tax Indemnity Amounts; provided, however, that no such notice shall be given earlier than 90 calendar days prior to the earliest date on which the Borrower would be obligated to pay such Additional Amounts or Tax Indemnity Amounts, as the case may be.

7.2 Prepayment for Reasons of Increased Costs

The Borrower may, if it is required to make any payment by way of indemnity under Clause 10.1 (*Increased Costs*), subject to giving to the Lender not less than 30 calendar days' prior written notice to that effect, prepay the whole, but not part only, of the amount of the Loan, together with any amounts then payable under Clause 10.1 (*Increased Costs*) and accrued and unpaid interest, any Additional Amounts and Tax Indemnity Amounts, if any.

7.3 Prepayment in the event of a Change of Control

(a) In the event of a Change of Control, the Borrower shall be required to prepay the Loan on the Change of Control Payment Date to the extent and in the amount that the Lender is required to pay the agreed funding source as a result thereof as set forth in a written notice by the Lender to the Borrower, including computation of such amount, given at least two Business Days prior to the Change of Control Payment Date.

(b) Promptly, and in any event within 10 calendar days after the date of any Change of Control, the Borrower shall deliver to the Lender (and, following the execution of the agreements entered into in connection with the agreed funding source, to the party designated by such agreements) a written notice in the form of an Officers' Certificate, which notice shall be irrevocable (but may, in respect of subclause (iii), be amended), stating:

(i) that a Change of Control has occurred;

(ii) the Change of Control Payment Date, which date shall be a Business Day occurring 60 calendar days from the date such notice is delivered; and

(iii) the circumstances and relevant facts giving rise to such Change of Control, including, to the extent available, information with respect to pro forma historical income, cash flow and capitalization, each after giving effect to such Change of Control and events causing such Change of Control, and the date upon which such Change of Control is deemed to have occurred.

(c) On the Business Day prior to the Change of Control Payment Date, the Borrower shall deposit in the Account an amount in cash equal to the amount that the Lender is required to pay to the agreed funding source as a result of such Change of Control as set forth in writing by the Lender to the Borrower, to be held for payment in accordance with this Agreement and the agreements entered into in connection with the agreed funding source. To the extent that the amount actually required to be paid on the Change of Control Payment Date is less than the amount so paid by the Borrower, the excess, if any, thereon will be refunded to the Borrower from the Account for or on behalf of the Lender on the Business Day following the Change of Control Payment Date.

7.4 Prepayment in the event of Asset Sales

(a) In the event of any Asset Sale that requires the Borrower to apply the Excess Proceeds therefrom in accordance with Clause 14.9(c) hereof, the Borrower shall be required to prepay the Loan on the Asset Sale Payment Date to the extent and in the amount that the Lender is required to pay the agreed funding source as a result thereof as set forth in a written notice by the Lender to the Borrower, including computation of such amount, given at least two Business Days prior to the Asset Sale Payment Date.

(b) Promptly, and in any event within 10 calendar days after the first day of any calendar month in which Excess Proceeds exceed $10 million (or the equivalent in another currency), the Borrower shall deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) a written notice in the form of an Officers' Certificate, which notice shall be irrevocable, stating:

(i) that it is obligated to prepay the Loan to the extent contemplated by Clause 7.4(a) hereof;

(ii) the Asset Sale Payment Date, which date shall be a Business Day occurring 60 calendar days from the date such notice is delivered, and the Excess Proceeds available for such prepayment (representing the amount available for payments in respect of the asset sale offer to be made by the Lender pursuant to the agreements entered into in connection with the agreed funding source);

(iii) the circumstances and relevant facts giving rise to the obligation to so prepay the Loan; and

(iv) that the Excess Proceeds from the Asset Sales will be applied pursuant to Clause 14.9(c) hereof.

(c) One Business Day prior to the Asset Sale Payment Date, the Borrower shall deposit in the Account an amount in cash equal to the amount that the Lender is required to pay to the agreed funding source as a result of any Asset Sale that requires the Borrower to apply the Excess Proceeds therefrom in accordance with Clause 14.9(c) hereof as set forth in writing by the Lender to the Borrower (it being understood that, pursuant to the agreements related to the agreed funding source, the aggregate principal amount of such instruments, together with all accrued and unpaid interest to the Asset Sale Payment Date, Additional Amounts and Tax Indemnity Amounts, if any, may not exceed the Excess Proceeds required to be applied in accordance with Clause 14.9(c) hereof), to be held for payment in accordance with this Agreement and the agreements entered into in connection with the agreed funding source. To the extent that the amount actually required to be paid on the Asset Sale Payment Date is less than such Excess Proceeds, the excess, if any, thereon will be refunded to the Borrower from the Account on behalf of the Lender on the Business Day following the Asset Sale Payment Date.

7.5 Notice of Prepayment

Without prejudice to any other requirement in this Agreement, any notice of prepayment given by the Borrower pursuant to Clause 7.1 (*Prepayment for Tax Reasons*) or Clause 7.2 (*Prepayment for Reasons of Increased Costs*) hereof, shall be irrevocable, shall specify the date upon which such prepayment is to be made and shall oblige the Borrower to make such prepayment one Business Day prior to such date.

7.6 Costs of Prepayment

The Borrower shall, on the date of prepayment, pay all accrued and unpaid interest, any Additional Amounts and any Tax Indemnity Amounts (each only with respect to the amount subject to such prepayment), as of such date of prepayment and all other amounts payable to the Lender hereunder in connection with such prepayment. The Borrower shall indemnify the Lender on demand against any costs and expenses reasonably Incurred and properly documented by the Lender on account of any prepayment made in accordance with this Clause 7 (*Prepayment*).

7.7 No Other Repayments

The Borrower shall not repay the whole or any part of the amount of the Loan except at the times and in the manner expressly provided for in this Agreement.

7.8 Purchase of Instruments Issued to the Agreed Funding Source

The Borrower and its Subsidiaries may purchase instruments issued to the agreed funding source at any time in the open market or otherwise. If such instruments are surrendered by the Borrower or any of its Subsidiaries to the Lender, as issuer of such instruments, for cancellation (together with an authorization addressed to the agent of the agreed funding source to cancel such instruments), the Lender shall credit the Borrower with the prepayment of an amount of the loan equal to the principal amount of such cancelled instruments.

8. TAXES

8.1 Additional Amounts

(a) Subject to Clause 8.1(b), all payments made by the Borrower under or with respect to the Loan will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment, or other governmental charge (including penalties, interest and other liabilities related thereto) (collectively, "**Taxes**") imposed or levied by or on behalf of any government or political subdivision or territory or possession of any government or authority or Agency therein or thereof having the power to tax (each, a "**Taxing Authority**") within Russia or Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes), unless the Borrower is required to withhold or deduct Taxes by law or by the interpretation or administration thereof. For the avoidance of doubt, this Clause 8.1 shall not apply to any Taxes on income payable by the Lender in Germany (or any Qualifying Jurisdiction).

(b) If at any time the Borrower is required to withhold or deduct any amount for or on account of Taxes imposed or levied by or on behalf of any Taxing Authority within Russia or Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) from any payment made under or with respect to the Loan, the Borrower shall, on the due date for such payment, pay such additional amounts ("**Additional Amounts**") as may be necessary so that the net amount received by the Lender (including Additional Amounts) in U.S. dollars after such withholding or deduction will not be less than the amount the Lender would have received if such Taxes had not been withheld or deducted and free from liability in respect of such withholding or deduction; provided, however, that for the avoidance of doubt, such Additional Amounts shall not be payable with respect to any Taxes on income payable by the Lender in Germany (or any Qualifying Jurisdiction).

(c) The Borrower will also:

(i) make such withholding or deduction; and

(ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

(d) At least 30 calendar days (or, in the event of a Change of Control pursuant to Clause 14.12 (*Change of Control*) or an Asset Sale that requires the Borrower to apply the Excess Proceeds therefrom in accordance with Clause 14.9 (c) hereof, as soon as reasonably practicable) prior to each date on which any payment under or with respect to the Loan is due and payable, if the Borrower will be obligated to pay Additional Amounts with respect to such payment (upon written notice by the Lender or an agent of the agreed funding source), the Borrower will deliver to the Lender (and, following the execution of the agreements entered into in connection with the agreed funding source, to the party designated by such agreements) an Officers' Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) to pay such Additional Amounts to or for the account of the agreed funding source on the relevant payment date.

(e) If the Lender pays any amount in respect of such Taxes, the Borrower shall reimburse the Lender in U.S. dollars for such payment on demand.

(f) Whenever this Agreement mentions, in any context, the payment of amounts based upon the principal or premium, if any, interest or of any other amount payable under or with respect to any of the Loan, this includes, without duplication, payment of any Additional Amounts and Tax Indemnity Amounts that may be applicable.

The foregoing provisions shall apply, modified as necessary, to any Taxes imposed or levied by any Taxing Authority in any jurisdiction in which any successor obligor to the Borrower is organized.

8.2 Payments

The Borrower shall assist the Lender in ensuring that all payments made under this Agreement are exempt from deduction or withholding of Tax.

8.3 Tax Indemnity

Without prejudice to, and without duplication of, the provisions of Clause 8.1 (*Additional Amounts*),

(a) if at any time the Lender makes or is required to make any payment to a Person (other than to or for the account of the agreed funding source) on account of Tax (other than Taxes on income payable by the Lender in Germany or any Qualifying Jurisdiction) in respect of the Loan or in respect of any instruments issued to, or documents entered into with, the agreed funding source imposed by any Taxing Authority of or in Russia, Germany or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes, or any liability in respect of any such payment is asserted, imposed, levied or assessed against the Lender, the Borrower shall, as soon as reasonably practicable following, and in any event within 30 calendar days of, written demand made by the Lender, indemnify the Lender against such payment or liability, together with any interest, penalties, costs and expenses payable or Incurred in connection therewith; and

(b) if at any time a Taxing Authority imposes an obligation on the Lender to withhold or deduct any amount on any payment made or to be made by the Lender to or for the account of the agreed funding source and the Lender is required by any instruments issued to, or documents entered into with, the agreed funding source, to pay additional amounts to such agreed funding source in connection therewith, the Borrower shall, as soon as reasonably practicable following, and in any event within 30 calendar days of, written demand made by the Lender, pay to the Lender such additional amounts as may be necessary so that the net amount received by the agreed funding source (including such additional amounts) in U.S. dollars after such withholding or deduction will not be less than the amount such agreed funding source would have received if such withholdings or deductions had not been made and free from liability in respect of such withholding or deduction.

Any payments required to be made by the Borrower under this Clause 8.3 are collectively referred to as "**Tax Indemnity Amounts**". For the avoidance of doubt, the provisions of this Clause 8.3 shall not apply to any withholding or deductions of Taxes with respect to the Loan which are subject to payment of Additional Amounts under Clause 8.1.

8.4 Tax Claims

If the Lender intends to make a claim for any Tax Indemnity Amounts pursuant to Clause 8.3 (*Tax Indemnity*), it shall notify the Borrower thereof; provided that nothing herein shall require the Lender to disclose any confidential information relating to the organization of its affairs.

8.5 Tax Credits and Tax Refunds

(a) If any Additional Amounts are paid under Clause 8.1 (*Additional Amounts*) or Tax Indemnity Amounts are paid under Clause 8.3 (*Tax Indemnity*) by the Borrower for the benefit of the Lender and the Lender, in its reasonable opinion, determines that it has received or been granted a credit against, a relief or remission for, or a repayment of, any Tax, then, if and to the extent that the Lender, in its reasonable opinion, determines that such credit, relief, remission or repayment is in respect of or calculated with reference to the deduction or withholding giving rise to such Additional Amounts or, in the case of Tax Indemnity Amounts, with reference to the liability, expense or loss to which the payment giving rise to such Tax Indemnity Amounts relates, the Lender shall, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Borrower such amount as the Lender shall, in its reasonable opinion, have concluded to be attributable to such deduction or withholding or, as the case may be, such liability, expense or loss; provided that the Lender shall not be obliged to make any payment under this Clause 8.5 in respect of such credit, relief, remission or repayment until the Lender is, in its reasonable opinion, satisfied that its tax affairs for its tax year in respect of which such credit, relief, remission or repayment was obtained have been finally settled. Any such payment shall, in the absence of manifest error and subject to the Lender specifying in writing in reasonable detail the calculation of such credit, relief, remission or prepayment and of such payment and providing relevant supporting documents evidencing such matters, be conclusive evidence of the amount due to the Borrower hereunder and shall be accepted by the Borrower in full and final settlement of its rights of reimbursement hereunder in respect of such deduction or withholding. Nothing contained in this Clause 8.5 shall interfere with the right of the Lender to arrange its tax affairs generally in whatever manner it thinks fit nor oblige the Lender to disclose any information relating to its tax affairs generally or any computations in respect thereof.

(b) If as a result of a failure to obtain relief from deduction or withholding of any Tax imposed by Russia or Germany (or any Qualified Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) (i) such Tax is deducted or withheld by the Borrower and pursuant to Clause 8.1 (*Additional Amounts*) an increased amount is paid by the Borrower to the Lender in respect of such deduction or withholding, and (ii) following the deduction or withholding of Tax as referred to above, (A) the Borrower applies on behalf of the Lender to the relevant Russian Taxing Authorities for a tax refund and such tax refund is credited by the Russian Taxing Authorities to the Lender or (B) if such tax refund is otherwise credited by a relevant Taxing Authority to the Lender pursuant to a final decision of such Taxing Authority, the Lender shall as soon as reasonably possible notify the Borrower of the receipt of such tax refund and promptly transfer the entire amount of the tax refund to a bank account of the Borrower specified for that purpose by the Borrower.

8.6 Representations of the Lender

The Lender represents that (a) it is a bank which at the date hereof is a resident of Germany, is subject to taxation in Germany on the basis of its registration as a legal entity, location of its management body or another similar criterion and it is not subject to taxation in Germany merely on income from sources in Germany or connected with property located in Germany; (b) it will account for the Loan on the date of closing on its balance sheet as an asset under "loans and advances to customers" and any arrangements with the agreed funding source as a liability under "liabilities evidenced by paper" and (c) at the date hereof, it does not have a permanent establishment in Russia.

The Lender shall make reasonable and timely efforts to assist the Borrower to obtain relief from withholding of Russian income tax pursuant to the double taxation treaty between Russia and the jurisdiction in which the Lender is incorporated, including its obligations under Clause 8.8 (*Delivery of Forms*). The Lender makes no representation as to the application or interpretation of any double taxation treaty between Russia and the jurisdiction in which the Lender is incorporated.

8.7 Exceptions

The Lender agrees promptly, upon becoming aware of such, to notify the Borrower if it ceases to be resident in Germany or a Qualifying Jurisdiction or if any of the representations set forth in Clause 8.6 are no longer true and correct. If the Lender ceases to be resident in Germany or a Qualifying Jurisdiction, then, except in circumstances where the Lender has ceased to be resident in Germany or a Qualifying Jurisdiction by reason of any Change of Law (including a change in a double taxation treaty or in such law or treaty's application or interpretation), in each case taking effect after the date of this Agreement, the Borrower shall not be liable to pay to the Lender under Clause 8.1 (*Additional Amounts*) or Clause 8.3 (*Tax Indemnity*) any sum in excess of the sum it would have been obliged to pay if the Lender had not ceased to be resident in Germany or a Qualifying Jurisdiction.

8.8 Delivery of Forms

The Lender shall within 30 calendar days of the request of the Borrower, to the extent it is able to do so under applicable law including Russian laws, deliver to the Borrower a certificate issued by the competent Taxing Authority in Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) confirming that the Lender is a tax resident in Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) and such other information or forms as may need to be duly completed and delivered by the Lender to enable the Borrower to apply to obtain relief from deduction or withholding of Russian Tax after the date of this Agreement or, as the case may be, to apply to obtain a tax refund if a relief from deduction or withholding of Russian Tax has not been obtained. The Lender shall, within 30 calendar days of the request of the Borrower, to the extent it is able to do so under applicable law including Russian laws, from time to time deliver to the Borrower any additional duly completed application forms as need to be duly completed and delivered by the Lender to enable the Borrower to apply to obtain relief from deduction or withholding of Russian Tax or, as the case may be, to apply to obtain a tax refund if a relief from deduction or withholding of Russian Tax has not been obtained. The certificate and, if required, other forms referred to in this Clause 8.8 shall be duly signed by the Lender, if applicable, and stamped or otherwise approved by the competent Taxing Authority in Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes) and apostilled or otherwise legalised. If a relief from deduction or withholding of Russian Tax under this Clause 8.8 has not been obtained and further to an application of the Borrower to the relevant Russian Taxing Authorities the latter requests the Lender's rouble bank account details, the Lender shall at the request of the Borrower (x) use reasonable efforts to procure that such rouble bank account of the Lender is duly opened and maintained, and (y) thereafter furnish the Borrower with the details of such rouble bank account. The Borrower shall pay for all costs associated, if any, with opening and maintaining such rouble bank account.

9. TAX RECEIPTS

9.1 Notification of Requirement to Deduct Tax

If, at any time, the Borrower is required by law to make any deduction or withholding from any sum payable by it hereunder, or if thereafter there is any change in the rates at which or the manner in which such deductions or withholdings are calculated, the Borrower shall promptly notify the Lender.

9.2 Evidence of Payment of Tax

The Borrower will make all reasonable endeavors to obtain certified copies, and translations into English, of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Taxing Authority imposing such Taxes. The Borrower will furnish to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), within 60 calendar days after the date the payment of any Taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment by the Borrower or, if such receipts are not obtainable, other evidence of such payments by the Borrower.

10. CHANGES IN CIRCUMSTANCES

10.1 Increased Costs

If, by reason of (i) any Change of Law, other than a Change of Law which relates only to the basis or rate of Tax on the net income of the Lender or the amounts required pursuant to the Arrangement Fee Letter, and/or (ii) compliance with any Capital Adequacy Requirement, reserve or deposit requirement or any other request from or requirement of any central bank or other fiscal, monetary or other authority which has effect in Germany (or any Qualifying Jurisdiction in which the Lender or any successor thereto is resident for tax purposes):

(a) the Lender Incurs an additional cost as a result of the Lender's entering into or performing its obligations, including its obligation to make the Loan, under this Agreement (excluding Taxes payable by the Lender on its overall net income); or

(b) the Lender becomes liable to make any additional payment on account of Tax or otherwise, not being a tax imposed on its net income or the amounts due pursuant to the Arrangement Fee Letter, on or calculated by reference to the amount of the Loan and/or to any sum received or receivable by it hereunder except where compensated under Clause 8.1 (*Additional Amounts*) or under Clause 8.3 (*Tax Indemnity*),

then the Borrower shall, from time to time within 30 calendar days of written demand of the Lender, pay to the Lender amounts sufficient to hold harmless and indemnify it from and against, as the case may be, such properly documented (1) cost or (2) liability; provided that the Lender will not be entitled to indemnification where such increased cost or liability arises as a result of the gross negligence, fraud or willful default of the Lender; and provided that the amount of such increased cost shall be deemed not to exceed an amount equal to the proportion of any cost or liability which is directly attributable to this Agreement.

10.2 Increased Costs Claims

If the Lender intends to make a claim pursuant to Clause 10.1 (*Increased Costs*), it shall notify the Borrower thereof and provide a written description in reasonable detail of the relevant Change of Law or Capital Adequacy Requirement, as the case may be, including a description of the relevant affected jurisdiction or country and the date on which the change in circumstances took effect; provided that nothing herein shall require the Lender to disclose any confidential information relating to the organization of its or any other person's affairs. The written description shall demonstrate the connection between the change in circumstance and the increased costs and shall be accompanied by relevant supporting documentation evidencing the matters described therein.

10.3 Illegality

If, at any time after the date of this Agreement, it is unlawful for the Lender to make, fund or allow to remain outstanding the Loan made or to be made by it hereunder or to maintain its agreed funding source of the Loan then the Lender shall, after becoming aware of the same, deliver to the Borrower a written notice, setting out in reasonable detail the nature and extent of the relevant circumstances, to that effect and:

(a) if the Loan has not then been made, the Lender shall not thereafter be obliged to make the Loan; and

(b) if the Loan is then outstanding and the Lender so requests, the Borrower shall, on the latest date permitted by the relevant law or such earlier day as the Borrower elects (as notified to the Lender upon not less than 30 calendar days' written notice prior to the date of repayment), repay the Loan together with accrued and unpaid interest thereon and all other amounts owing to the Lender hereunder.

10.4 Mitigation

If circumstances arise which would result in:

(a) any payment falling due to be made by or to the Lender or for its account pursuant to Clause 10.3 (*Illegality*);

(b) any payment falling due to be made by the Borrower pursuant to Clause 8.1 (*Additional Amounts*); or

(c) a claim for indemnification pursuant to Clause 8.3 (*Tax Indemnity*) or Clause 10.1 (*Increased Costs*),

then, without in any way limiting, reducing or otherwise qualifying the rights of the Lender or the Borrower's obligations under any of the above mentioned provisions, the Lender shall, upon becoming aware of the same, notify the Borrower thereof and, in consultation with the Borrower and to the extent it can lawfully do so and without prejudice to its own position, take reasonable steps to remove such circumstances or mitigate the effects of such circumstances including, without limitation, by the change of its lending office or transfer of its rights or obligations under this Agreement to another bank; provided that the Lender shall be under no obligation to take any such action if, in its opinion, to do so might have any adverse effect upon its business, operations or financial condition or might be in breach of any arrangements which it may have made with the agreed funding source.

11. REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower makes the following representations and warranties and acknowledges that the Lender has entered into this Agreement in reliance on those representations and warranties.

11.1 Due Organisation

Each of the Borrower, its Significant Subsidiaries and Open Joint Stock Company Bee-Line Samara ("**Bee-Line Samara**") has been duly organized, is validly existing as a legal entity properly organized, registered and existing, in the case of the Borrower, under the laws of Russia, and in the case of each Significant Subsidiary and Bee-Line Samara under the laws of its jurisdiction of organization or incorporation, and each of Open Joint Stock Company N.Teks ("**N.Teks**") and Closed Joint Stock Company Variant-Inform ("**Variant-Inform**") has been duly organized, and except as disclosed in Schedule II to the Side Letter, is validly existing as a legal entity properly organized, registered and existing under the laws of Russia; each of the Borrower, each of its Significant Subsidiaries, Bee-Line Samara, N.Teks and Variant-Inform has the corporate power and authority to own, lease and operate its property and to conduct its business as it is currently being conducted and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except where any failure to do so would have not have any material adverse effect on the business, financial position or results of operations of the Borrower and its Subsidiaries taken as a whole ("**Material Adverse Effect**").

11.2 Authorisation

The Borrower has full corporate power and authority to enter into this Agreement, and this Agreement has been duly authorised, executed and delivered by the Borrower, and is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except that the enforcement thereof may be limited by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and (ii) general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

11.3 No Conflict

The execution, delivery and performance of this Agreement by the Borrower, the compliance by the Borrower with all the provisions hereof and the consummation of the transactions contemplated hereby (a) will not require any consent, approval, authorisation or other order of any court, regulatory body, administrative agency or other governmental body (except as such may be required under the securities or Blue Sky laws of the various states of the United States or any securities laws of any jurisdiction other than Russia, Germany, the United Kingdom and the Federal law of the United States) except for such consents, approvals, authorisations or other orders as have been obtained and which are in full force and effect or as may only be obtained after the closing of the transactions contemplated hereby or thereby, (b) will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter of the Borrower, Bee-Line Samara or any of the Borrower's Significant Subsidiaries that holds a Material Mobile License, (c) will not conflict with or constitute a breach of any agreement, indenture or other instrument to which the Borrower or any of the Significant Subsidiaries is a party or by which the Borrower, any of the Significant Subsidiaries or their respective property or assets is bound, and (d) will not violate or conflict with any laws, administrative regulations or rulings or court decrees applicable to the Borrower, any of the Significant Subsidiaries or their respective property, except in the case of clauses (c) and (d), any conflict, breach or violation which would not have a Material Adverse Effect.

11.4 Financial Statements

The audited consolidated financial statements of the Borrower and the related notes thereto, as contained in Schedule I and Schedule II to the Side Letter, were prepared in accordance with GAAP consistently applied throughout the periods involved, except as set forth in Schedule II to the Side Letter, and present fairly, the consolidated financial position of the Borrower as at the dates at which they were prepared and the results of the operations and the cash flows of the Borrower in respect of the periods for which they were prepared. The other financial and statistical information and data set forth in Schedule I and Schedule II to the Side Letter is, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Borrower and its Subsidiaries. Since the 31 December 2001 financial statements contained in Schedule I and Schedule II to the Side Letter and, except as disclosed in Schedule II to the Side Letter, (a) there has been no material adverse change in the condition (financial or otherwise) or affecting the business, prospects, financial position, or results of operations of the Borrower or the Borrower and its Subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business; and (b) neither the Borrower nor any of its Subsidiaries has entered into any transaction or agreement material to the Borrower or to the Borrower and its Subsidiaries taken as a whole, other than in the ordinary course of business.

11.5 No Other Indebtedness

The Borrower has no Indebtedness, other than Indebtedness (a) that in the aggregate would not have a Material Adverse Effect, (b) as set forth on the December 31, 2001 audited consolidated balance sheet of the Borrower or (c) as disclosed in Schedule II to the Side Letter.

11.6 Payment in U.S. Dollars

All payment obligations of the Borrower under this Agreement are required by the terms hereof to be paid in U.S. dollars, and the Borrower has received all required approvals, consents, licenses and permissions to make and may make such payments in U.S. dollars.

11.7 No Material Proceedings

Except to the extent disclosed in Schedule II to the Side Letter, there are no legal or governmental proceedings pending or, to the best knowledge of the Borrower, threatened before any court, tribunal, arbitration panel or Agency to which the Borrower or any of the Significant Subsidiaries is a party or to which any of the properties of the Borrower or any of the Significant Subsidiaries is subject which might, singly or in the aggregate, (a) prohibit the execution and delivery of this Agreement or the Borrower's compliance with its obligations hereunder, (b) adversely affect the right and power of the Borrower to enter into this Agreement or (c) could have any Material Adverse Effect.

11.8 No Violations

Neither the Borrower nor any of the Significant Subsidiaries (i) nor Bee-Line Samara is in violation of its respective charter documents, articles of association or by-laws or equivalent constitutive documents, (ii) is in default of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties or assets is subject, or (iii) is in violation of any law, ordinance, governmental rule, regulation or court decree or license to which it or its properties or assets may be subject, except in the case of clauses (ii) and (iii) above, such defaults or violations which would not have a Material Adverse Effect.

11.9 Environmental and Labour Laws

Neither the Borrower nor any of the Significant Subsidiaries has violated any (a) applicable Russian or foreign, including in each instance federal, state or local, law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"), (b) any applicable Russian or foreign, including in each instance federal, state or local, law or regulation relating to discrimination in the hiring, promotion or pay of employees nor (c) any applicable Russian or foreign, including in each instance, federal, state or local, wages and hours laws or regulations, which in the case of (a), (b) or (c) above might reasonably be expected to have any Material Adverse Effect.

There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have any Material Adverse Effect.

11.10 Good and Marketable Title

Except to the extent disclosed in Schedule II to the Side Letter, or such as are not material to the business, prospects, financial condition or results of operations of the Borrower and its Significant Subsidiaries, taken as a whole, each of the Borrower and its Significant Subsidiaries has good and marketable title, free and clear of all Liens, except Liens for Taxes not yet due and payable, to all property and assets described in Schedule I and Schedule II to the Side Letter as being owned by it. All leases to which the Borrower or any of its Significant Subsidiaries is a party and which are material to the operations of the Borrower and the Significant Subsidiaries, taken as a whole, are valid and binding and no default has occurred or is continuing thereunder, which might result in a Material Adverse Effect, and the Borrower and its Significant Subsidiaries enjoy peaceful and undisturbed possession under all such leases to which any of them is a party as lessee with such exceptions as do not materially interfere with the use made by the Borrower or such Significant Subsidiary.

11.11 Permits and Licenses

Except to the extent disclosed in Schedule II to the Side Letter, each of the Borrower, its Significant Subsidiaries and Bee-Line Samara has such permits, licenses and authorisations of governmental or regulatory authorities ("**permits**"), including, without limitation, licenses issued by the Ministry of Communications and Informatization of the Russian Federation, and permissions issued by the State Commission for Radio Frequencies, as are necessary to own, lease and operate its respective properties and to conduct its business in the regions, which regions are set forth in Schedule I and Schedule II to the Side Letter except where the failure to have such permits would not have a Material Adverse Effect. Except to the extent disclosed in Schedule II to the Side Letter, each of the Borrower, its Significant Subsidiaries and Bee-Line Samara has fulfilled and performed all their material obligations with respect to such permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such permit; and, except as disclosed in Schedule II to the Side Letter, such permits contain no restrictions that have or that the Borrower could reasonably expect to have a Material Adverse Effect.

11.12 Intellectual Property

Except to the extent disclosed in Schedule II to the Side Letter, the Borrower and the Significant Subsidiaries possess the material patents, patent rights, licenses, inventions, copyrights, know-how, including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures, trademarks, service marks and trade names employed by them in connection with the business as it is currently being conducted as described in Schedule I and Schedule II to the Side Letter, and neither the Borrower nor any of the Significant Subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to the foregoing which, singly or in the aggregate, if the subject of an unfavourable decision, ruling or finding, could have a Material Adverse Effect.

11.13 Labour Relations

No labour strike, dispute, disturbance, lockout, slowdown or stoppage of employees of the Borrower or any of the Significant Subsidiaries currently exists and, to the best knowledge of the Borrower, no such action is threatened or imminent.

11.14 Adequate Insurance

The Borrower and each of the Significant Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged in the jurisdiction where they operate, respectively; the Borrower and each of the Significant Subsidiaries have not been refused any insurance coverage sought or applied for; and the Borrower and each of the Significant Subsidiaries have no reason to believe that they will not be able to renew their existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue their business at a cost that would not have a Material Adverse Effect, except as disclosed in Schedule II to the Side Letter.

11.15 Taxes

Except as disclosed in Schedule II to the Side Letter, to the best knowledge of the Borrower, each of the Borrower and the Significant Subsidiaries has duly filed with the appropriate Taxing Authorities, or has received an extension for filing with respect to, all tax returns, reports and other information required to be filed by it, and each such tax return, report, or other information was, when filed, accurate and complete; and, except as disclosed in Schedule II to the Side Letter, each of the Borrower and the Significant Subsidiaries has duly paid, or has made adequate reserves for, all Taxes required to be paid by it and any other assessment, fine or penalty levied against it, and to the best of the Borrower's knowledge, no Tax deficiency is currently asserted against the Borrower or any of the Significant Subsidiaries.

11.16 No Withholding or Similar Tax

Under current laws and regulations of Russia and Germany and any respective political subdivisions thereof, and based upon the representations of the Lender set forth in Clause 8.6 (*Representations of the Lender*) hereof, all payments of principal and/or interest, Additional Amounts, Tax Indemnity Amounts or any other amounts payable on or in respect of the Loan may be paid by the Borrower to the Lender in U.S. dollars and will not be subject to Taxes under laws and regulations of Russia, or any political subdivision or Taxing Authority thereof or therein, respectively, and will otherwise be free and clear of any other Tax, duty, withholding or deduction in Germany, Russia, or any political subdivision or Taxing Authority thereof or therein (provided, however, that the Borrower makes no representation as to any income or similar Tax of Germany (or any Qualifying Jurisdiction) which may be assessed thereon) and without the necessity of obtaining any governmental authorisation in Russia or any political subdivision or Taxing Authority thereof or therein.

11.17 Not an Investment Company

Neither the Borrower nor any of its Subsidiaries is and, after giving effect to the Loan and the application of the proceeds thereof will not be, required to register as an "investment company" as defined in the U.S. Investment Company Act of 1940, as amended.

11.18 Not a Passive Foreign Investment Company

For its taxable year ended December 31, 2001, the Borrower was not a "passive foreign investment company" as defined in 26 U.S.C. §1297(a), a "foreign personal holding company" as defined in 26 U.S.C. § 552 or a "controlled foreign corporation" as defined in 26 U.S.C. §957.

11.19 Rating

No Rating Agency (a) has imposed (or has informed the Borrower that it is considering imposing) any condition (financial or otherwise) on the Borrower's retaining any rating assigned to the Borrower or any securities of the Borrower or (b) has indicated to the Borrower that it is considering (i) the downgrading, suspension or withdrawal of, or any review for a possible change that does not indicate the direction of the possible change in, any rating so assigned or (ii) any change in the outlook for any rating of the Borrower, as applicable, or any securities of the Borrower.

11.20 No Liquidation or Similar Proceedings

No proceedings have been commenced for the purposes of, and no judgement has been rendered for, the liquidation, bankruptcy or winding-up of the Borrower, any of its Significant Subsidiaries or Bee-Line Samara.

11.21 Certificates

Each certificate signed by any director or officer of the Borrower and delivered to the Lender or counsel for the Lender on the date of the making of the Loan shall be deemed to be a representation and warranty by the Borrower to the Lender as to the matters covered thereby.

11.22 *Pari Passu* **Obligations**

The obligations of the Borrower under this Agreement will rank at least *pari passu* in right of payment with all other unsecured and unsubordinated obligations of the Borrower, except as otherwise provided by mandatory provisions of applicable law.

11.23 No Stamp Taxes

Under the laws of Russia in force at the date hereof, it is not necessary that any stamp, registration or similar Tax be paid on or in relation to this Agreement.

11.24 No Events of Default

No event has occurred or circumstances arisen which would (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement) constitute an event described in Clause 15 (*Events of Default*).

11.25 Repetition

Each of the representations and warranties in Clause 11 (*Representations and Warranties of the Borrower*) shall be deemed to be repeated by the Borrower on the date of the making of the Loan and each of Clause 11.1 (*Due Organisation*) (solely with respect to the Borrower and provided that, upon the occurrence of a merger, consolidation or sale of assets pursuant to Clause 14.15 (*Merger, Consolidation and Sale of Assets*), if the Borrower is the Surviving Entity), Clause 11.2 (*Authorisations*), Clause 11.3 (*No Conflict*) and Clause 11.7 (*No Material Proceedings*) (solely with respect to any legal or governmental proceedings pending or, to the best knowledge of the Borrower, threatened in writing delivered to the Borrower before any court, tribunal, arbitration panel or Agency challenging the lawfulness, validity or enforceability of this Agreement (except for any such proceedings as may have been disclosed in writing by the Borrower to the Lender prior to the relevant date of repetition) shall be deemed to be repeated and updated on each Interest Payment Date.

12. REPRESENTATIONS AND WARRANTIES OF THE LENDER

In addition to the representations and warranties set forth in Clause 8.6 (*Qualifying Lender*), the Lender makes the representations and warranties set out in Clause 12.1 (*Status*) to Clause 12.5 (*Amendments to Agreed Funding Source Agreements*), inclusive, and acknowledges that the Borrower has entered into this Agreement in reliance on those representations and warranties.

12.1 Status

The Lender is duly incorporated under the laws of Germany and is resident for German taxation purposes in Germany and has full corporate power and authority to enter into this Agreement and any other agreements relating to the agreed funding source, and to undertake and perform the obligations expressed to be assumed by it herein and therein.

12.2 Authorisation

Each of this Agreement and any other agreements entered into in connection with the agreed funding source has been duly authorised, executed and delivered by the Lender, and is a legal, valid and binding obligation of the Lender, enforceable against the Lender in accordance with its terms, except that the enforcement thereof may be subject to bankruptcy, insolvency, fraudulent conveyance, reorganisation, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles.

12.3 Consents and Approvals

All authorisations, consents and approvals required by the Lender for or in connection with the execution of this Agreement and any other agreements relating to the agreed funding source and the performance by the Lender of the obligations expressed to be undertaken in such agreements have been obtained and are in full force and effect.

12.4 No Conflicts

The execution of this Agreement and any other agreements relating to the agreed funding source and the undertaking and performance by the Lender of the obligations expressed to be assumed by it herein and therein will not conflict with, or result in a breach of or default under, the laws of Germany.

13. FINANCIAL INFORMATION

13.1 Delivery

In addition to the Borrower's obligations under Clause 14.1 (*Financial Information*), the Borrower shall supply or procure to be supplied to the Lender, in sufficient copies as may reasonably be required by the Lender, all such information as it may require in connection with article 18 of the Kreditwesengesetz or as the Luxembourg Stock Exchange (or any other or further stock exchange or stock exchanges or any other relevant authority or authorities on which the instruments issued to the agreed funding source may, from time to time, be listed or admitted to trading) may require in connection with the listing or admittance to trading on such stock exchange or relevant authority of instruments issued to the agreed funding source.

14. COVENANTS

14.1 Financial Information

(a) Whether or not required by the rules and regulations of the Commission, so long as the Loan or any other sum owing hereunder remains outstanding, the Borrower undertakes that it shall deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements):

(i) all annual financial information (including, without limitation, its audited financial statements for such fiscal year, prepared in accordance with GAAP consistently applied with the corresponding financial statements for the preceding period) that would be required to be contained in a filing with the Commission on Form 20-F if the Borrower were required to file such form, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a report thereon of the Borrower's certified independent accountants;

(ii) quarterly reports containing unaudited financial statements and financial information for the first three quarters of each fiscal year, which quarterly financial statements will be prepared in accordance with GAAP, consistently applied with the corresponding financial statements for the preceding period; and

(iii) all reports that would be required to be filed with the Commission on Form 6-K whether or not the Borrower is subject to such filing requirement.

(b) The Borrower shall furnish to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) and shall file with the Commission such annual financial information within 180 days after the end of each fiscal year and such quarterly reports within 90 days after the end of each of the first three fiscal quarters of each year.

(c) Delivery of such reports, information and documents to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) pursuant to this Clause 14.1(c) is for informational purposes only and the Lender's receipt (and, following the execution of any other agreements entered into in connection with the agreed funding source, receipt by the party designated by such agreements) of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants hereunder (as to which the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) is entitled to rely exclusively on Officers' Certificates).

14.2 Compliance Certificate

(a) The Borrower shall deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), on or before a date not more than 180 days after the end of each fiscal year of the Borrower, and within 14 days of a request from the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), an Officers' Certificate stating that a review of the activities of the Borrower and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Borrower has kept, observed, performed and fulfilled its obligations under, and complied with the covenants and conditions contained in, this Agreement, and further stating, as to the Officers signing such certificate, that to the best of each of their knowledge the Borrower has kept, observed, performed and fulfilled each and every covenant, and complied with the covenants and conditions contained in this Agreement and is not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he may have knowledge).

(b) One of the Officers signing such Officers' Certificate shall be either the Borrower's Chief Executive Officer, Chief Financial Officer or Controller.

(c) The Borrower will, so long as the Loan or any other sum owing hereunder remains outstanding, deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), forthwith upon becoming aware of any Default or Event of Default an Officers' Certificate specifying such Default or Event of Default and the action which the Borrower proposes to take with respect thereto.

(d) The Borrower shall deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), on or before a date not more than 180 days after the end of each fiscal year of the Borrower, a certificate prepared by the Borrower's certified independent accountants stating that a review of the financial activities of the Borrower and its Subsidiaries during the preceding fiscal year has been made, that the Borrower and its Subsidiaries are in compliance with their obligations under Clause 14.7 (*Incurrence of Indebtedness*) and Clause 14.8 (*Restricted Payments*), or if there is a Default, specifying such Default.

14.3 Stay, Extension and Usury Laws

The Borrower covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Agreement; and the Borrower (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), but will suffer and permit the execution of every such power as though no such law had been enacted.

14.4 Corporate Existence

(a) Except as provided under Clause 14.15 (*Merger, Consolidation and Sale of Assets*), the Borrower will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the corporate, partnership or other existence of each Restricted Subsidiary and each Significant Subsidiary of the Borrower in accordance with the respective organizational documents of each Restricted Subsidiary and each Significant Subsidiary and the rights (charter and statutory), licenses (including Material Mobile Licenses) and franchises of the Borrower and its Restricted Subsidiaries and Significant Subsidiaries; provided, however, that the Borrower shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any Restricted Subsidiary or Significant Subsidiary, if the Board of Directors of the Borrower shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower and its Restricted Subsidiaries and Significant Subsidiaries taken as a whole and that the loss thereof is not adverse in any material respect to the agreed funding source.

(b) Notwithstanding Clause 14.4(a) above, the termination, revocation, suspension, withdrawal, other cessation of effectiveness (including, without limitation, the voluntary surrender) or transfer to any entity that is not the Borrower or any of its Restricted Subsidiaries or Significant Subsidiaries of one or more mobile telecommunications licenses held by the Borrower or any Subsidiary required for the provision of mobile telecommunications services, including mobile Internet and e-commerce services, as a result of which the Borrower or any of its Subsidiaries would cease to hold Material Mobile Licenses for a period of more than 90 days without being replaced or reinstated, or the non-renewal of one or more mobile telecommunications licenses held by the Borrower or any Subsidiary required for the provision of mobile telecommunications services, including mobile Internet and e-commerce services, as a result of which the Borrower or any of its Subsidiaries would cease to hold Material Mobile Licenses on the expiration of the term thereof for a period of more than 90 days without being re-issued or replaced, shall constitute a breach of this covenant; provided, however, that any such voluntary surrender or transfer of licenses by the Borrower meeting the requirements of, and permitted under, Clause 14.15 (*Merger, Consolidation and Sale of Assets*) shall not constitute a breach of this covenant.

(c) The Borrower shall notify the Lender in writing of any Subsidiary that qualifies as a Significant Subsidiary and is not specified in clause (a) of the definition thereof.

14.5 Taxes

The Borrower shall, and shall cause each of its Restricted and Significant Subsidiaries to, pay prior to delinquency all Taxes, assessments and governmental levies, except as contested in good faith and by appropriate proceedings.

14.6 Liens

The Borrower shall not, and shall not permit any Restricted Subsidiary to create, Incur, assume or suffer to exist any Lien (other than Permitted Liens) on any asset now owned or hereafter acquired, or any income or profits therefrom, which secure any Indebtedness, unless the Loan and any other sum owing hereunder are secured by a Lien equally and ratably with the Liens securing such other Indebtedness; provided that if such Indebtedness is Subordinated Indebtedness of the Borrower, the Lien securing such Indebtedness shall be subordinate or junior to the Lien securing the Loan, with the same relative priority as such Indebtedness shall have with respect to the Loan.

14.7 Incurrence of Indebtedness

(a) The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, Incur any Indebtedness, other than the Loan; provided, however, that if no Default or Event of Default shall have occurred and be continuing at the time, or would occur as a consequence, of the Incurrence of such Indebtedness, the Borrower and any Restricted Subsidiary may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness on a pro forma basis and the receipt and application of the proceeds therefrom, immediately thereafter the Consolidated Leverage Ratio would be greater than zero and less than or equal to 4.5 to 1.

(b) Notwithstanding the foregoing, the Borrower, and (except as specified below) any Restricted Subsidiary, may Incur each of the following:

(i) Indebtedness existing on the date hereof;

(ii) Indebtedness Incurred by Subsidiary Guarantees pursuant to Clause 14.14 (Issuances of Guarantees by Restricted Subsidiaries);

(iii) Indebtedness of any Controlled Restricted Subsidiary owing to and held by the Borrower, Indebtedness of the Borrower owing to and held by any Controlled Restricted Subsidiary or Indebtedness of any Controlled Restricted Subsidiary of the Borrower owing to and held by any other Controlled Restricted Subsidiary; provided that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Controlled Restricted Subsidiary ceasing to be a Controlled Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Borrower or a Controlled Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness not permitted by this clause (iii); provided, further, that Indebtedness of the Borrower owing to and held by a Controlled Restricted Subsidiary must be unsecured and expressly subordinated to the prior payment in full in cash of all payment obligations with respect to the Loan under this Agreement;

(iv) Indebtedness under Currency Agreement and Interest Rate Agreements; provided that such agreements (1) are entered into solely for bona fide hedging purposes of the Borrower or its Restricted Subsidiaries to protect the Borrower or the Restricted Subsidiary, as the case may be, against fluctuations in foreign currency exchange rates or interest rates (as determined in good faith by the Board of Directors or senior management of the Borrower), (2) correspond at the time of Incurrence in terms of notional amount, duration, currencies and interest rates, as applicable, substantially to Indebtedness of the Borrower or its Restricted Subsidiaries Incurred without violation of this Agreement or to business transactions of the Borrower or its Restricted Subsidiaries on customary terms entered into in the ordinary course of business and (3) do not increase Indebtedness of the Borrower or any Restricted Subsidiary outstanding at any time other than as a result of fluctuations in foreign currency exchange rates or interest rates, as the case may be;

(v) Indebtedness (1) Incurred in respect of workers' compensation claims and self-insurance obligations provided by the Borrower or a Restricted Subsidiary in the ordinary course of business, (2) Incurred in respect of performance, surety, appeal and similar bonds, bankers' acceptances, letters of credit or bills of exchange provided by the Borrower or a Restricted Subsidiary in the ordinary course of business and that do not secure other Indebtedness, (3) arising from agreements of the Borrower or a Restricted Subsidiary 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 of a Restricted Subsidiary; provided that, the maximum aggregate liability in respect of all Indebtedness Incurred under this clause (3) shall at no time exceed the gross proceeds actually received by the Borrower and its Restricted Subsidiaries in connection with such disposition (except in the case of the indemnification provided by the Borrower under the VimpelCom-Region Primary Agreement), (4) arising from the honouring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided that the Indebtedness Incurred under this clause (4) is extinguished within five Business Days of Incurrence; provided, further, that the Indebtedness Incurred under clause (4) of this Clause 14.7(b)(v) may not exceed, in an aggregate principal amount at any one time outstanding, $15 million (or the equivalent in another currency), or (5) Indebtedness Incurred by the Borrower in rubles solely for the purpose of making its capital contribution to VimpelCom-Region in an aggregate amount not to exceed the ruble equivalent of the lesser of (x) the Borrower's actual capital contribution to VimpelCom-Region on the terms and subject to the conditions set forth in Article II of the VimpelCom-Region Primary Agreement and (y) $117 million; provided that the Indebtedness Incurred under clause (5) of this Clause 14.7(b)(v) is extinguished within five Business Days of Incurrence;

(vi) Refinancing Indebtedness; provided that Indebtedness, the proceeds of which are used to refinance or refund the Loan or Indebtedness that is equal in right of payment with, or subordinated in right of payment to, the Loan, shall only be permitted under this Clause 14.7(b)(vi) if:

(1) the Loan is refinanced in part or the Indebtedness to be refinanced is equal in right of payment with the Loan, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is made equal in right of payment with, or subordinated in right of payment to, the outstanding amounts under the Loan, respectively;

(2) the Indebtedness to be refinanced is subordinated in right of payment to the Loan, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Loan at least to the extent that the Indebtedness to be refinanced is subordinated to the Loan; and

(3) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded and does not permit redemption or other retirement of such Indebtedness at the option of the holder thereof prior to the Stated Maturity of the Indebtedness being refinanced; and provided, further, that in no event may any Indebtedness be refinanced by means of any Indebtedness of any Restricted Subsidiary that was not an obligor under the refinanced Indebtedness pursuant to this Clause 14.7(b)(vi);

(vii) Indebtedness under one or more Credit Facilities in an aggregate principal amount at any one time outstanding not to exceed $100 million (or the equivalent in another currency), less the aggregate amount of all permanent reduction of Indebtedness (and a permanent reduction of the related commitments to lend or amount to be reborrowed in the case of a revolving credit facility) under such Credit Facilities by the Borrower or any of its Restricted Subsidiaries pursuant to Clause 14.9(b) hereof; and

(viii) Indebtedness in an aggregate principal amount up to $25 million (or the equivalent in another currency) Incurred in connection with the Borrower or a Restricted Subsidiary exercising its call on Preferred Stock of the Borrower owned by Eco Telecom Limited pursuant to Section 7.04 of the VimpelCom Primary Agreement.

14.8 Restricted Payments

(a) The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any distribution (including any payment in connection with any merger or consolidation derived from assets of or involving the Borrower or any Restricted Subsidiary) on or with respect to its Capital Stock or to the holders thereof (in their capacity as such) other than

(1) dividends or distributions by the Borrower payable solely in shares of its Capital Stock (other than Redeemable Stock) or in options, warrants or other rights to acquire shares of such Capital Stock (other than Redeemable Stock); and

(2) in the case of a Restricted Subsidiary, dividends or distributions payable to the Borrower or a Restricted Subsidiary or pro rata dividends or distributions on Capital Stock of Restricted Subsidiaries to all holders of such class of Capital Stock;

(ii) purchase, redeem, retire or otherwise acquire for value (including any payment in connection with any merger or consolidation derived from assets of or involving the Borrower or any Restricted Subsidiary) any shares of Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock or any securities convertible or exchangeable into shares of Capital Stock) of the Borrower or any Restricted Subsidiary of the Borrower;

(iii) make any principal payment, or redemption, purchase, repurchase, defeasance, or other acquisition or retirement for value prior to any scheduled maturity, scheduled repayment or scheduled sinking fund payment of Subordinated Indebtedness of the Borrower; or

(iv) make any Investment, other than a Permitted Investment, in any Person (such payments or any other actions described in Clause 14.8(a)(i) through 14.8(a)(iv) hereof being collectively "Restricted Payments")

if, at the time of, and after giving effect to, the proposed Restricted Payment

(1) a Default or Event of Default shall have occurred and be continuing or would result from such Restricted Payment,

(2) the Borrower could not Incur at least $1.00 of Indebtedness pursuant to Clause 14.7(a) (*Incurrence of Indebtedness*), or

(3) the aggregate amount of all Restricted Payments made or declared after the date hereof would exceed the sum of

(A) 50% of Adjusted Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter beginning immediately following the date hereof to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are in existence (or, in case such Adjusted Consolidated Net Income is a deficit, minus 100% of such deficit);

(B) the aggregate Net Cash Proceeds or other capital contributions received by the Borrower after the date hereof from the issuance and sale permitted by this Agreement to a Person who is not a Subsidiary of the Borrower of (x) its Capital Stock (other than Redeemable Stock), (y) any options, warrants or other rights to acquire Capital Stock of the Borrower (in each case, exclusive of any Redeemable Stock or any options, warrants or other rights that are redeemable at the option of the holder, or are required to be redeemed, prior to the Stated Maturity of the Loan), and (z) Indebtedness of the Borrower that has been exchanged for or converted into Capital Stock of the Borrower (other than Redeemable Stock) (less the amount of any cash, or other property, distributed by the Borrower upon such conversion or exchange);

(C) to the extent that any Investment (other than a Permitted Investment) that was made after the date hereof is sold for cash or otherwise liquidated or repaid for cash, the lesser of (x) the cash received with respect to such sale, liquidation or repayment of such Investment (less the cost of such sale, liquidation or repayment, if any) and (y) the initial amount of such Investment, but only to the extent not included in the calculation of Adjusted Consolidated Net Income; and

(D) the amount equal to the net reduction in Investments (other than Permitted Investments) made by the Borrower or any of its Restricted Subsidiaries in any Person resulting from the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Borrower or any Restricted Subsidiary in such Unrestricted Subsidiary, but only to the extent not included in the calculation of Adjusted Consolidated Net Income.

(b) The foregoing provisions in this Clause 14.8 hereof shall not be violated by reason of:

(i) the payment of any dividend within 60 days after the date of declaration thereof if, at said date of declaration, such payment would have complied with the provisions of this Agreement;

(ii) the repurchase, redemption or other acquisition of Subordinated Indebtedness of the Borrower made by exchange for, or out of the proceeds of the substantially concurrent Incurrence or sale of Indebtedness which is permitted to be Incurred pursuant to Clause 14.7 (*Incurrence of Indebtedness*);

(iii) the repurchase, redemption or other acquisition of Capital Stock or Subordinated Indebtedness of the Borrower (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the proceeds of a substantially concurrent offering of, shares of Capital Stock (other than Redeemable Stock) of the Borrower (or options, warrants or other rights to acquire such Capital Stock) other than to a Subsidiary;

(iv) upon the occurrence of a Change of Control or an Asset Sale and within 60 days after the completion of the prepayment of the Loan, in whole or in part, in accordance with Clause 7.3 (*Prepayment in the event of a Change of Control*) or Clause 7.4 (*Prepayment in the event of Asset Sales*) hereof, any purchase, repurchase, redemption, defeasance, acquisition or other retirement for value of Subordinated Indebtedness of the Borrower required pursuant to the terms thereof as a result of such Change of Control or Asset Sale at a purchase or redemption price not to exceed 101% of the outstanding principal amount thereof, plus accrued and unpaid interest thereon, if any;

(v) the repurchase, redemption or other acquisition of Capital Stock of the Borrower or a Restricted Subsidiary if and to the extent required by Article 15 and Article 78 of the Federal Law on Joint Stock Companies of the Russian Federation, as such law may be amended, supplemented, modified or replaced from time to time or any successor statute or statutes thereof;

(vi) the purchase by the Borrower or a Restricted Subsidiary, pursuant to, and in accordance with the provisions of, Section 5.03 of the VimpelCom-Region Shareholders' Agreement, of any Subordinated Indebtedness of the Borrower;

(vii) Investments in Permitted Joint Ventures (excluding Investments in Permitted Joint Ventures existing as of the date hereof) in an aggregate amount not to exceed the sum of (x) $65 million and (y) the net reduction in Investments made pursuant to this clause (vii) resulting from distributions on, or repayments of, such Investments or from the Net Cash Proceeds received from the sale or other disposition of any such Investments (except in each case to the extent of any gain on such sale or disposition that would be included in the calculation of Adjusted Consolidated Net Income for purposes of Clause 14.8(a)(iv)(3)(A) above) or from such Person becoming a Restricted Subsidiary (valued, in each case, as provided in the definition of "Investment"); provided, further, that the net reduction of any such Investment shall not exceed the amount of such Investment;

(viii) the redemption of Preferred Stock of VimpelCom-Region on the terms and conditions as set forth in Section 2.12 of the VimpelCom-Region Primary Agreement;

(ix) the payment of any dividend on Preferred Stock of the Borrower and VimpelCom-Region in an amount not to exceed an aggregate of $1,000 during any fiscal year of the Borrower or VimpelCom-Region; or

(x) Investments that do not exceed in the aggregate $10 million at any one time outstanding.

provided that, except in the case of Clauses 14.8(b)(i) and (b)(ii), no Default or Event of Default shall have occurred and be continuing, or occur as a consequence of the actions or payments set forth therein.

(c) Each Restricted Payment permitted pursuant to Clause 14.8(b) hereof (other than the Restricted Payment referred to in Clause 14.8(b)(ii) hereof and an exchange of Capital Stock for Capital Stock referred to in Clause 14.8(b)(iii) hereof), and the Net Cash Proceeds from any issuance of Capital Stock referred to in Clause 14.8(b)(iii) hereof, shall be included in calculating whether the conditions set forth in Clause 14.8(a)(iv) hereof have been met with respect to any subsequent Restricted Payments.

(d) Not later than the date of making any Restricted Payment, the Borrower shall deliver to the Lender and Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Clause 14.8 were computed, which calculations may be based upon the Borrower's latest available financial statements. The Lender shall have no duty to recomputed or recalculate or verify the accuracy of the information set forth in such Officers' Certificate.

14.9 Asset Sales

(a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to consummate any Asset Sale, unless:

(i) the consideration received by the Borrower or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of (as determined in good faith by the Board of Directors of the Borrower); and

(ii) at least 75% of the consideration received consists of cash or other Qualified Consideration.

(b) In the event and to the extent that the Net Cash Proceeds received by the Borrower or any of its Restricted Subsidiaries, as the case may be, from one or more Asset Sales occurring on or after the date hereof exceed $10 million (or the equivalent in another currency), then the Borrower shall or shall cause the relevant Restricted Subsidiary to

(i) within 360 days after the date such Net Cash Proceeds are so received:

(1) apply an amount equal to all such Net Cash Proceeds to permanently repay any Indebtedness (other than Subordinated Indebtedness of the Borrower) of the Borrower or any Indebtedness of any Restricted Subsidiary providing a Subsidiary Guarantee pursuant to Clause 14.14 (*Issuances of Guarantees by Restricted Subsidiaries*) or which is subject to a restriction on dividend payment or other distributions, in each case owing to a Person other than the Borrower or any of its Restricted Subsidiaries, or

(2) invest an equal amount, or the amount not so applied pursuant to Clause 14.9(b)(i)(1) above (or enter into a definitive agreement committing to so invest within 360 days after the date of such agreement), in assets (including Capital Stock) of a nature or type or that are used or usable in a Permitted Business; and

(ii) apply (no later than the end of the 360-day period referred to in clause (i) of this sentence) such excess Net Cash Proceeds (to the extent not applied pursuant to Clause 14.9(b)(i) above) as provided in Clause 14.9(c) hereof.

The amount of such excess Net Cash Proceeds required to be applied (or to be committed to be applied) during such 360 day period as set forth in Clause 14.9(b)(i) above and not applied as so required by the end of such period shall constitute "**Excess Proceeds**".

(c) If, as of the first day of any calendar month, the aggregate amount of Excess Proceeds totals at least $10 million (or the equivalent in another currency), the Borrower must thereafter prepay the Loan, in whole or in part, to the extent and in the manner required by Clause 7.4 (*Prepayment in the event of Asset Sales*).

(d) Except as otherwise set forth in Clause 14.13 (*Issuance and Sale of Capital Stock of Restricted Subsidiaries*), (i) the sale or issuance of shares of Capital Stock of VimpelCom-Region in connection with the Second Closing and the Third Closing (as defined in the VimpelCom-Region Primary Agreement) pursuant to the terms and subject to the conditions set forth in Article II of the VimpelCom-Region Primary Agreement shall not be subject to clauses (a)(i), (b) and (c) of this Clause 14.9 and (ii) the sale or issuance of shares of Capital Stock of a Restricted Subsidiary as a result of which sale or issuance the shareholding of the Borrower or another Restricted Subsidiary, as the case may be, in such Restricted Subsidiary is not reduced, shall not be subject to clauses (b) and (c) of this Clause 14.9.

14.10 Transactions with Stockholders and Affiliates

(a) The Borrower shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, enter into, permit to exist, renew or extend any transaction or series of related transactions (including, without limitation, the purchase, sale, transfer, assignment, lease, conveyance or exchange of property or assets, or the rendering of any service) with, or for the benefit of, any Related Person of the Borrower (or any Affiliate of such Person) or with, or for the benefit of, any Affiliate of the Borrower, unless:

(i) any such transaction or series of related transactions is made upon fair and reasonable terms no less favourable to the Borrower or such Restricted Subsidiary, as the case may be, than could be obtained, at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor, in a comparable arms'-length transaction with, or for the benefit of, a Person that is not a Related Person of the Borrower (or any Affiliate of such Person) or an Affiliate of the Borrower; and

(ii) any such transaction or series of related transactions involving aggregate consideration in excess of $1 million is approved by a majority of the independent, disinterested members of the Board of Directors of the Borrower; and

(iii) in connection with any such transaction or series of related transactions involving aggregate consideration equal to or in excess of $10 million but less than $50 million, the Borrower or a Restricted Subsidiary delivers to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) a written opinion of a nationally recognized Russian investment banking firm or financial institution, which firm or institution is not at the time of such transaction or series of related transactions an Affiliate of the Borrower or such Restricted Subsidiary, stating that the transaction is fair to the Borrower or such Restricted Subsidiary from a financial point of view; and

(iv) in connection with any such transaction or series of related transactions involving aggregate consideration equal to or in excess of $50 million, the Borrower or a Restricted Subsidiary delivers to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) a written opinion of an internationally recognized investment banking firm stating that the transaction is fair to the Borrower or such Restricted Subsidiary from a financial point of view.

(b) The foregoing limitation does not limit, and shall not apply to:

(i) any transaction or series of related transactions solely between the Borrower and KB Impuls;

(ii) any transaction or series of related transactions solely between the Borrower and any of its Restricted Subsidiaries or solely between Restricted Subsidiaries of the Borrower; provided, however, that:

(1) any such transaction or series of related transactions involving aggregate consideration equal to or in excess of $10 million is made upon fair and reasonable terms no less favourable to the Borrower (or, if the relevant transaction or series of related transactions is between Restricted Subsidiaries, one of which is the direct or indirect parent of the other, then no less favourable to such parent, or if the transaction is between a non-Wholly Owned Restricted Subsidiary and a Wholly Owned Restricted Subsidiary, then no less favourable to such Wholly Owned Restricted Subsidiary) than could be obtained, at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor, in a comparable arms'-length transaction with, or for the benefit of, a Person that is not a Related Person of the Borrower (or any Affiliate of such Person) or an Affiliate of the Borrower; and

(2) any such transaction or series of related transactions involving aggregate consideration equal to or in excess of $10 million but less than $50 million must be approved by a majority of the independent, disinterested members of the Board of Directors of the Borrower; and

(3) in connection with any such transaction or series of related transactions involving aggregate consideration equal to or in excess of $50 million, the Borrower must deliver to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) a written opinion of an internationally recognized investment banking firm stating that the transaction or series of related transactions is fair to the parties thereto from a financial point of view;

(iii) any payment of dividends, distributions or other amounts or other distributions in respect of Capital Stock of the Borrower or any Restricted Subsidiary not prohibited by Clause 14.8 (Restricted Payments) hereof or any Permitted Investment or any lease, service agreement or roaming agreement between the Borrower or KB Impuls and any Controlled Restricted Subsidiary;

(iv) any transaction pursuant to the VimpelCom-Region Primary Agreement and the Principal Agreements (as defined therein); and

(v) customary directors' fees, indemnification and similar arrangements, employee salaries, bonuses or employment agreements, compensation or employee benefit arrangements and incentive arrangements with any officer, director or employee of the Borrower or any Restricted Subsidiary entered into in the ordinary course of business (including customary benefits thereunder) all as determined in good faith by the Board of Directors of the Borrower.

14.11 Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

(i) pay dividends (in cash or otherwise) or make any other distributions permitted by applicable law on any Capital Stock of such Restricted Subsidiary owned by the Borrower or any other Restricted Subsidiary;

(ii) pay any Indebtedness or other obligation owed to the Borrower or to any other Restricted Subsidiary;

(iii) make loans or advances to the Borrower or any other Restricted Subsidiary;

(iv) transfer any of its property or assets to the Borrower or any other Restricted Subsidiary; or

(v) enter into service or other similar agreements with the Borrower or any other Restricted Subsidiary.

(b) The provisions of Clause 14.11(a) shall not restrict any encumbrances or restrictions:

(i) existing under an agreement in effect on the date hereof; provided, however, that the terms, conditions and scope of any such encumbrance or restriction included in any such agreement (including any agreement for Refinancing Indebtedness permitted under Clause 14.7 (Incurrence of Indebtedness)) may be amended only if:

(1) such amended encumbrance or restriction, when taken together with all the other encumbrances and restrictions in such agreement (as amended), will not be materially more restrictive or disadvantageous (A) to the agreed funding source or the Borrower than the encumbrance or restriction being amended or (B) to the Borrower than is customary in comparable transactions (in each case, as determined by the Borrower); and

(2) the amended terms, conditions and scope of any such amended encumbrance or restriction, when taken together with the terms, conditions and scope of all the other encumbrances and restrictions in such agreement (as amended), will not materially adversely affect the Borrower's ability to make principal or interest payments on the Loan (as determined by the Borrower);

(ii) contained in the terms of any Indebtedness Incurred in compliance with Clause 14.7 (*Incurrence of Indebtedness*) hereof or in any agreement pursuant to which such Indebtedness was issued, if:

(1) the encumbrances and restrictions in any such agreement, when taken as a whole, will not be materially more restrictive or disadvantageous to the Borrower than is customary in comparable transactions (as determined by the Borrower); and

(2) the terms, conditions and scope of any such encumbrances and restrictions in any such agreement, when taken as a whole, will not materially adversely affect the Borrower's ability to make principal or interest payments on the Loan (as determined by the Borrower);

(iii) existing under or by reason of applicable law;

(iv) existing with respect to any Person or the property or assets of such Person acquired by the Borrower or any Restricted Subsidiary and existing at the time of such acquisition and not Incurred in anticipation or in contemplation of such acquisition, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired;

(v) in the case of Clause 14.11(a)(iv),

(1) that restrict in a customary manner in the ordinary course of business the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset; or

(2) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Borrower or any Restricted Subsidiary not otherwise prohibited by this Agreement; or

(3) arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Borrower or any Restricted Subsidiary in any manner material to the Borrower or any Restricted Subsidiary; or

(4) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary; provided that consummation of such transaction would not result in a Default or an Event of Default, that such restriction terminates if such transaction is closed or abandoned and that the closing or abandonment of such transaction occurs within one year of the date such agreement was entered into.

14.12 Change of Control

Upon the occurrence of a Change of Control, the Borrower shall prepay the Loan, in whole or in part, pursuant to and subject to the conditions described in Clause 7.3, under the definition of Change of Control.

14.13 Issuance and Sale of Capital Stock of Restricted Subsidiaries

The Borrower will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock or securities convertible or exchangeable into such Capital Stock) except:

(a) that the shares of Capital Stock of (i) a Wholly Owned Restricted Subsidiary of the Borrower may be issued or sold to the Borrower or another Wholly Owned Restricted Subsidiary of the Borrower and (ii) a Controlled Restricted Subsidiary may be issued or sold to the Borrower or another Controlled Restricted Subsidiary of the Borrower; provided that, the shareholding of the Borrower or the other Controlled Restricted Subsidiary, as the case may be, in such Controlled Restricted Subsidiary is not reduced as a result of any such sale or issuance;

(b) issuances of director's qualifying shares or sales to non-Russian nationals of shares of Capital Stock of Restricted Subsidiaries not organized under the laws of the Russian Federation, to the extent required by applicable law;

(c) if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person remaining after giving effect to such issuance or sale would have been permitted to be made pursuant to Clause 14.8 (*Restricted Payments*) if made on the date of such issuance or sale; or

(d) issuances or sales of Capital Stock of a Restricted Subsidiary not described in clauses (a) through (c) above; provided that the Borrower or such Restricted Subsidiary applies the Net Cash Proceeds, if any, of any such sale in accordance with Clause 14.9(b)(i) or Clause 14.9(b)(ii) hereof; provided, further, that the Net Cash Proceeds, if any, of the issuance or sale of shares of Capital Stock of (i) VimpelCom-Region in connection with the Second Closing and the Third Closing (as defined in the VimpelCom-Region Primary Agreement) pursuant to the terms and subject to the conditions set forth in Article II of the VimpelCom-Region Primary Agreement and (ii) a Restricted Subsidiary as a result of which sale or issuance the shareholding of the Borrower or another Restricted Subsidiary, as the case may be, in such Restricted Subsidiary is not reduced, shall either be applied in accordance with Clause 14.9(b)(i) or Clause 14.9(b)(ii) hereof (without regard to the time periods set forth therein) or be kept in the form of Cash Equivalents.

14.14 Issuances of Guarantees by Restricted Subsidiaries

(a) The Borrower will not permit any Restricted Subsidiary, directly or indirectly, to Guarantee any Indebtedness of the Borrower which is equal in right of payment with or subordinated in right of payment to the Loan ("**Guaranteed Indebtedness**"), unless:

(i) such Restricted Subsidiary simultaneously executes and delivers a supplemental agreement to this Agreement providing for a Guarantee (a "Subsidiary Guarantee") of payment of the Loan by such Restricted Subsidiary; and

(ii) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Borrower or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee;

provided that this Clause 14.14 shall not be applicable to:

(iii) any Guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(iv) any Subsidiary Guarantee outstanding on the date hereof; or

(v) any Guarantee that is used to refinance an existing Guarantee that was Incurred in compliance with Clause 14.7 (Incurrence of Indebtedness).

(b) If any Guaranteed Indebtedness is (i) equal in right of payment with the Loan, then the Guarantee of such Guaranteed Indebtedness shall be equal in right of payment with, or subordinated to, the Subsidiary Guarantee; or (ii) subordinated to the Loan, then the Guarantee of such Guaranteed Indebtedness shall be subordinated to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Loan.

(c) Notwithstanding the provisions of Clause 14.14(a) or Clause 14.14(b) hereof, any Subsidiary Guarantee by a Restricted Subsidiary shall provide by its terms that it shall be automatically and unconditionally released and discharged upon (i) any sale, exchange or transfer, to any person not an Affiliate of the Borrower, of all of the Borrower's and each Restricted Subsidiary's Capital Stock in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by this Agreement); or (ii) the release or discharge of the Guarantee which resulted in the creation of such Subsidiary Guarantee, except a discharge or release by or as a result of payment under such Guarantee.

14.15 Merger, Consolidation and Sale of Assets

The Borrower shall not consolidate with, merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets to, any Person or permit any Person to merge with or into the Borrower:

(a) unless the Borrower shall be the continuing Person, or the Person (if other than the Borrower) formed by such consolidation or into which the Borrower is merged or that acquired or leased such property and assets of the Borrower (the "**Surviving Entity**") shall be a company organized and validly existing under the laws of the Russian Federation, a member of the European Union (as the European Union is constituted on the date hereof), Switzerland or a State of the United States of America or the District of Columbia, and shall expressly assume, by amendment hereto, executed and delivered by such continuing Person to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), in form and substance satisfactory to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), the due and punctual payment of the principal of and interest on the Loan, and the due and punctual performance and observance of all the covenants, conditions and other obligations of the Borrower in respect of the Loan and under this Agreement;

(b) unless, in the case of a sale, conveyance, transfer, lease or other disposal of all or substantially all of the Borrower's property and assets, such property and assets shall have been transferred as an entirety or substantially an entirety in one transaction or a series of related transactions to one Person;

(c) unless immediately before and after giving effect to such transaction or series of transactions on a pro forma basis (and treating any Indebtedness which becomes, or is anticipated to become, an obligation of the Surviving Entity or any Subsidiary thereof as a result of such transaction or series of transactions as having been incurred by the Surviving Entity or such Subsidiary at the time of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing;

(d) unless, except in the case of a merger or consolidation between the Borrower and a Restricted Subsidiary, immediately before and after giving effect to such transaction or series of transactions on a pro forma basis (and treating any Indebtedness which becomes, or is anticipated to become, an obligation of the Surviving Entity or any Subsidiary thereof as a result of such transaction or series of transactions as having been incurred by the Surviving Entity or such Subsidiary at the time of such transaction or series of transactions) the Borrower, or any Person becoming the successor obligor of the Loan, as the case may be, would be able to Incur an additional $1.00 of Indebtedness pursuant to Clause 14.7 (*Incurrence of Indebtedness*) hereof or would have a Consolidated Leverage Ratio less than the Consolidated Leverage Ratio of the Borrower immediately prior to such transaction;

(e) if, immediately after giving effect solely to such transaction or series of transactions on a pro forma basis (and treating any Indebtedness which becomes, or is anticipated to become, an obligation of the Surviving Entity or any Subsidiary thereof as a result of such transaction or series of transactions as having been Incurred by the Surviving Entity or such Subsidiary at the time of such transaction or series of transactions), a Rating Decline would occur, and such Rating Decline would not have occurred but for such transaction or series of transactions;

(f) unless the Borrower delivers to the Lender an Opinion of Counsel, in form and substance satisfactory to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements), to the effect that neither the Lender nor any agreed funding source will recognize any income, gain or loss for Tax purposes from any such consolidation, merger or sale of assets of the Borrower and that the Lender and any agreed funding source would, after such consolidation, merger or sale of assets of the Borrower, be subject to Taxes in the same amounts and in the same manner and at the same times as would have been the case if such consolidation, merger or sale of assets of the Borrower had not occurred; and

(g) unless the Borrower delivers to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with Clause 14.15(d) hereof) and an Opinion of Counsel, each in form and substance satisfactory to the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, to the party designated by such agreements) and in each case stating that such consolidation, merger or transfer and such supplemental agreement comply with this provision, that all conditions precedent provided for herein relating to such transaction have been complied with and, in the event that the continuing Person is organised under the laws of the Russian Federation, a member of the European Union, Switzerland, a State of the United States of America or the District of Columbia that this Agreement and the Loan constitute legal, valid and binding obligations of the continuing Person, enforceable in accordance with their terms, subject, in the case of the Opinion of Counsel, to customary exceptions, qualifications and limitations,

provided, that Clauses 14.15(d) and (e) above shall not apply in respect of consolidations or mergers between (i) the Borrower and KB Impuls and (ii) the Borrower and VimpelCom-Region.

14.16 KB Impuls

The Borrower shall ensure, and shall cause KB Impuls to ensure, that:

(a) if the Services Agreement or the Agency Agreement is terminated, or for any other reason cease to have effect, the Borrower shall, and shall cause KB Impuls to,

(i) enter into an arrangement within 30 days of such termination or other cessation of effectiveness that provides the Borrower with substantially the same relative economic benefit as the Borrower was receiving from the Services Agreement in effect on the date hereof and the Agency Agreement or

(ii) ensure arrangements such that substantially all net revenues received by KB Impuls, after all expenses (including any taxes), interest and principal payments of debt incurred as of the date hereof, flow up from KB Impuls to the Borrower, including through repayment of loans, granting of new loans by KB Impuls to the Borrower, dividends or any other method; and

(b) the Borrower shall own all of the outstanding Capital Stock of KB Impuls or any Person (other than the Borrower) (i) with which or into which KB Impuls is consolidated or merged, (ii) to which all or substantially all of the property and assets of KB Impuls are sold, conveyed, transferred, leased or otherwise disposed, (iii) to which any telecommunications licenses of KB Impuls which is for or includes the City of Moscow and the Moscow Region, including the KB Impuls License, are assigned or otherwise transferred or (iv) which becomes the owner or acquires the right, title or interest to or in any telecommunications license that replaces or succeeds to any license described in the preceding clause (iii).

15. EVENTS OF DEFAULT

15.1 Circumstances which constitute Events of Default

Each of the following constitutes an "**Event of Default**" with respect to the Loan:

(a) default in the payment of principal of (or premium, if any, on) the Loan, in the currency and in the manner provided herein, when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest on the Loan, in the currency and in the manner provided herein, when the same becomes due and payable, and such default continues for a period of 15 calendar days;

(c) default in the performance or breach of the provisions of this Agreement applicable to mergers, consolidations and transfers of all or substantially all of the assets of the Borrower or the failure to make or prepay the Loan in accordance with Clause 14.12 (*Change of Control*) or Clause 14.9 (*Asset Sales*) hereof;

(d) default in the performance of, or breaches of, any covenant or agreement of the Borrower hereunder or under the Loan (other than a breach of a representation or warranty of the Borrower under Clause 11 (*Representations and Warranties of the Borrower*) (other than a default specified in Clause 15.1(a) through 15.1(c) above) and such default or breach continues for a period of 30 consecutive calendar days after written notice by the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, by the party designated by such agreements);

(e) default on any Indebtedness of the Borrower or any of its Subsidiaries with an aggregate principal amount in excess of $10 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) (i) resulting from the failure to pay principal or interest (in the case of interest default or a default in the payment of principal other than at its Stated Maturity, after the expiration of the originally applicable grace period) in an aggregate amount in excess of $5 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) when due or (ii) as a result of which the maturity of such Indebtedness has been accelerated prior to its Stated Maturity;

(f) any final judgment or order (not covered by insurance) for the payment of money in excess of $5 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount) in the aggregate for all such final judgments or orders against all such Persons (treating any deductibles, self-insurance or retention as not so covered) shall be rendered against the Borrower or any Significant Subsidiary and shall not be paid or discharged, and there shall be any period of 60 consecutive calendar days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed $5 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount) during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(g) any regulation, decree, consent, approval, licence or other authority necessary to enable the Borrower to enter into or perform its obligations under this Agreement or for the validity or enforceability thereof shall expire or be withheld, revoked or terminated or otherwise cease to remain in full force and effect or shall be modified in a manner which adversely affects any rights or claims of the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, of the party designated by such agreements);

(h) the validity of this Agreement is contested by the Borrower or the Borrower shall deny any of its obligations under this Agreement; or it is, or will become, unlawful for the Borrower to perform or comply with any of its obligations under or in respect of this Agreement or any of such obligations shall become unenforceable or cease to be legal, valid and binding;

(i) a decree, judgment, or order by any Agency or a court of competent jurisdiction shall have been entered adjudging the Borrower or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganisation of the Borrower or any of its Significant Subsidiaries under any bankruptcy or similar law, and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or a decree or order of a court of competent jurisdiction over the appointment of a receiver, liquidator, trustee, or assignee in bankruptcy or insolvency of the Borrower or any of its Significant Subsidiaries, or any substantial part of the assets or property of any such Person, or for the winding up or liquidation of the affairs of any such Person, shall have been entered, and such decree, judgment or order shall have remained in force undischarged and unstayed for a period of 60 days; or

(j) the Borrower or any of its Significant Subsidiaries shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganisation under any bankruptcy or similar law or similar statute, or shall consent to the filing of any such petition, or shall consent to the appointment of a custodian, receiver, liquidator, trustee or assignee in bankruptcy or insolvency of it or any substantial part of its assets or property, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall, within the meaning of any Bankruptcy Law, become insolvent, fail generally to pay its debts as they become due, or takes any corporate action in furtherance of or to facilitate, conditionally or otherwise, any of the foregoing.

15.2 Rights of Lender upon occurrence of an Event of Default

(a) If an Event of Default occurs under this Agreement and is continuing, the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) may, by written notice (an "**Acceleration Notice**") to the Borrower, if the Lender, (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) receives written instructions from the agreed funding source,

(i) declare the obligations of the Lender hereunder to be terminated, whereupon such obligations shall terminate, and

(ii) declare the principal amount of, premium, if any, and accrued and unpaid interest, Additional Amounts and Tax Indemnity Amounts, if any, on the Loan to be immediately due and payable and the same shall become immediately due and payable, pursuant to and in accordance with the terms of any agreements entered into in connection with the agreed funding source.

(b) If an Event of Default specified in Clause 15.1(i) or (j) occurs with respect to the Borrower, the obligations of the Lender hereunder shall immediately terminate, and the principal amount of, premium, if any, and accrued and unpaid interest, Additional Amounts and Tax Indemnity Amounts, if any, on the Loan then outstanding shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, of the party designated by such agreements), all without diligence, presentment, demand of payment, protest or notice of any kind, which are expressly waived by the Borrower.

15.3 Other Remedies

If an Event of Default occurs and is continuing, the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, the party designated by such agreements) may pursue any available remedy to collect the payment of principal or interest on the Loan or to enforce the performance of any provision of the Loan or this Agreement. A delay or omission by the Lender (and, following the execution of any other agreements entered into in connection with the agreed funding source, by the party designated by such agreements) in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

15.4 Notification of Default or Event of Default

The Borrower shall promptly on becoming aware thereof inform the Lender of the occurrence of any Default or Event of Default and, upon receipt of a written request to that effect from the Lender, confirm to the Lender that, save as previously notified to the Lender or as notified in such confirmation, no Default or Event of Default has occurred.

16. DEFAULT INTEREST AND INDEMNITY

16.1 Default Interest Periods

If any sum due and payable by the Borrower hereunder is not paid on the due date therefore in accordance with the provisions of Clause 19 (*Payments*) or if any sum due and payable by the Borrower under any judgement of any court in connection herewith is not paid on the date of such judgment, the period beginning on such due date or, as the case may be, the date of such judgment and ending on the date upon which the obligation of the Borrower to pay such sum (the balance thereof for the time being unpaid being herein referred to as an "**unpaid sum**") is discharged shall be divided into successive periods, each of which, other than the first, shall start on the last day of the preceding such period and the duration of each of which shall, except as otherwise provided in this Clause 16 (*Default Interest and Indemnity*), be selected by the Lender, but shall in any event not be longer than one month.

16.2 Default Interest

During each such period relating thereto as is mentioned in Clause 16.1 (*Default Interest Periods*) an unpaid sum shall bear interest at a rate per annum equal to the Interest Rate.

16.3 Payment of Default Interest

Any interest which shall have accrued under Clause 16.2 (*Default Interest*) in respect of an unpaid sum shall be due and payable and shall be paid by the Borrower at the end of the period by reference to which it is calculated or on such other dates as the Lender may specify by written notice to the Borrower.

16.4 Borrower's Indemnity

The Borrower undertakes to indemnify the Lender against any reasonably Incurred and properly documented cost, claim, loss, expense (including legal fees) or liability, together with any VAT thereon, which it may sustain or Incur as a consequence of the occurrence of any Event of Default or any default by the Borrower in the performance of any of the obligations expressed to be assumed by it in this Agreement.

16.5 Unpaid Sums as Advances

Any unpaid sum shall, for the purposes of this Clause 16 (*Default Interest and Indemnity*) and Clause 10.1 (*Increased Costs*), be treated as an advance and accordingly in this Clause 16 (*Default Interest and Indemnity*) and Clause 10.1 (*Increased Costs*) the term "Loan" includes any unpaid sum and the term "Interest Period," in relation to an unpaid sum, includes each such period relating thereto as is mentioned in Clause 16.1 (*Default Interest Periods*).

17. AMENDMENTS TO AGREED FUNDING SOURCE AGREEMENTS

Any amendment to, or waivers of any provision of, any agreements entered into in connection with the agreed funding source shall be prohibited without the express written consent of the Borrower, which consent shall not be unreasonably withheld (other than amendments or waivers that are made pursuant to any legal, regulatory or accounting requirement, with respect to which the Lender shall consult with the Borrower to the extent reasonably practicable).

18. CURRENCY OF ACCOUNT AND PAYMENT

18.1 Currency of Account

The U.S. dollar is the currency of account and payment for each and every sum at any time due from the Borrower hereunder.

18.2 Currency Indemnity

If any sum due from the Borrower under this Agreement or any order or judgment given or made in relation hereto has to be converted from the currency (the "**first currency**") in which the same is payable hereunder or under such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Borrower, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation hereto, the Borrower shall indemnify and hold harmless the Lender from and against any loss suffered or reasonably Incurred as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Lender may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

19. PAYMENTS

19.1 Payments to the Lender

On each date on which this Agreement requires an amount denominated in U.S. dollars to be paid by the Borrower, the Borrower shall make the same available to the Lender by payment in U.S. dollars and in same day funds on such date, or in such other funds as may for the time being be customary in London for the settlement in London of international banking transactions in U.S. dollars, to the Account. The Borrower shall procure that the bank effecting payment on its behalf confirms to the Lender or to such person as the Lender may direct by tested telex or authenticated SWIFT message three Business Days prior to the date that such payment is required to be made by this Agreement the payment instructions relating to such payment.

19.2 Alternative Payment Arrangements

If, at any time, it shall become impracticable, by reason of any action of any governmental authority or any Change of Law, exchange control regulations or any similar event, for the Borrower to make any payments hereunder in the manner specified in Clause 19.1 (*Payments to the Lender*), then the Borrower may agree with the Lender alternative arrangements for such payments to be made; provided that, in the absence of any such agreement, the Borrower shall be obliged to make all payments due to the Lender in the manner specified herein.

19.3 No Set-off

All payments required to be made by the Borrower hereunder shall be calculated without reference to any set-off or counterclaim and shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim.

20. COSTS AND EXPENSES

20.1 Transaction Expenses and Fees

The Borrower agrees to pay the Lender a certain amount in respect of its costs, fees and expenses, pursuant to the Arrangement Fee Letter.

20.2 Preservation and Enforcement of Rights

The Borrower shall, from time to time on demand of the Lender and following receipt from the Lender of a description in writing in reasonable detail of the relevant costs and expenses, together with the relevant supporting documents evidencing the matters described therein, reimburse the Lender for all costs and expenses, including legal fees, together with any VAT thereon properly Incurred in or in connection with the preservation and/or enforcement of any of its rights under this Agreement except where the relevant claim is successfully defended by the Borrower.

20.3 Stamp Taxes

The Borrower shall pay all stamp, registration and other similar Taxes to which this Agreement or any judgement given against the Borrower in connection herewith is or at any time may be subject and shall, from time to time on demand of the Lender, indemnify the Lender against any properly documented liabilities, costs, expenses and claims resulting from any failure to pay or any delay in paying any such Tax.

20.4 Lender's Costs

The Borrower shall, from time to time on demand of the Lender, and without prejudice to the provisions of Clause 20.2 (*Preservation and Enforcement of Rights*), compensate the Lender at such daily and/or hourly rates as the Lender shall from time to time reasonably determine for the time and expenditure, all costs and expenses (including telephone, fax, copying, travel and personnel costs) reasonably Incurred and properly documented by the Lender in connection with its taking such action as it may deem appropriate or in complying with any request by the Borrower in connection with:

(a) the granting or proposed granting of any waiver or consent requested hereunder by the Borrower;

(b) any actual breach by the Borrower of its obligations hereunder; or

(c) any amendment or proposed amendment hereto requested by the Borrower.

21. ASSIGNMENTS AND TRANSFERS

21.1 Binding Agreement

This Agreement shall be binding upon and inure to the benefit of each party hereto and its or any subsequent successors and assigns.

21.2 No Assignments and Transfers by the Borrower

The Borrower shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder except as permitted under Clause 14.15 (*Merger, Consolidation and Sale of Assets*).

21.3 Assignments by the Lender

(a) Prior to an Event of Default, the Lender may (i) on or at any time after the date hereof assign all or any of its rights and benefits hereunder or transfer all or any of its rights, benefits and obligations hereunder (save for (x) its rights to principal, interest and other amounts paid and payable under this Agreement and (y) its right to receive amounts paid and payable under any claim, award or judgment relating to this Agreement in favour of the agreed funding source) to or on behalf of the agreed funding source and (ii) subject to the prior written consent of the Borrower (such consent not to be unreasonably withheld or delayed) and except as may be otherwise specifically provided under the agreements entered into in connection with the agreed funding source, assign all or any of its rights and benefits hereunder or transfer all or any of its rights, benefits and obligations hereunder to any company which, as a result of any amalgamation, merger or reconstruction or which, as a result of any agreement with the Lender, or any previous substitute, owns beneficially the whole or substantially the whole of the undertaking, property and assets owned by the Lender prior to such amalgamation, merger, reconstruction or agreement coming into force and where, in the case of any company which will own the whole or substantially the whole of the undertaking, property or assets of the Lender, the substitution of that company as principal debtor in relation to the agreed funding source would not be materially prejudicial to the interests of the agreed funding source or the Borrower. Any reference in this agreement to any such assignee or transferee pursuant to subclause (ii) of this Clause 21.3(a) shall be construed accordingly and, in particular, references to the rights, benefits and obligations hereunder of the Lender, following such assignment or transfer, shall be references to such rights, benefits or obligations by the assignee or transferee.

(b) On or following an Event of Default, the Lender may, by notice to the Borrower, assign all or any of its rights and benefits hereunder or transfer all or any of its rights, benefits and obligations hereunder to the agreed funding source, or any assignee or transferee appointed in connection with the agreed funding source. Any reference in this agreement to any such assignee or transferee shall be construed accordingly and, in particular, references to the rights, benefits and obligations hereunder of the Lender, following such assignment or transfer, shall be references to such rights, benefits or obligations by the assignee or transferee appointed in connection with the agreed funding source.

22. CALCULATIONS AND EVIDENCE OF DEBT

22.1 Basis of Accrual

Default interest shall accrue from day to day and shall be calculated on the basis of a year of 360 days consisting of 12 30-day months.

22.2 Evidence of Debt

The Lender shall maintain, in accordance with its usual practice, accounts evidencing the amounts from time to time lent by and owing to it hereunder; in any legal action or proceeding arising out of or in connection with this Agreement, in the absence of manifest error and subject to the provision by the Lender to the Borrower of written information describing in reasonable detail the calculation or computation of such amounts together with the relevant supporting documents evidencing the matters described therein, the entries made in such accounts shall be conclusive evidence of the existence and amounts of the obligations of the Borrower therein recorded.

22.3 Change of Circumstance Certificates

A certificate signed by two authorised signatories of the Lender describing in reasonable detail (a) the amount by which a sum payable to it hereunder is to be increased under Clause 8.1 (*Additional Amounts*) or (b) the amount for the time being required to indemnify it against any such cost, payment or liability as is mentioned in Clause 8.3 (*Tax Indemnity*) or Clause 10.1 (*Increased Costs*) shall, in the absence of manifest error, be *prima facie* evidence of the existence and amounts of the specified obligations of the Borrower.

23. REMEDIES AND WAIVERS, PARTIAL INVALIDITY

23.1 Remedies and Waivers

No failure by the Lender to exercise, nor any delay by the Lender in exercising, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

23.2 Partial Invalidity

If, at any time, any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

24. NOTICES; LANGUAGE

24.1 Communications in Writing

Each communication to be made hereunder shall be made in writing and, unless otherwise stated, shall be made by fax, telex, or letter.

24.2 Delivery

Any communication or document to be made or delivered by one person to another pursuant to this Agreement shall, unless that other person has by 15 calendar days' written notice to the same specified another address, be made or delivered to that other person at the address identified with its signature below and shall be effective upon receipt by the sender of the addressee's answerback at the end of transmission (in the case of a telex) or when left at that address (in the case of a letter) or when received by the addressee (in the case of a fax). Provided that any communication or document to be made or delivered by one party to the other partyshall be effective only when received by such other party and then only if the same is expressly marked for the attention of the department or officer identified with the such other party's signature below, or such other department or officer as such other party shall from time to time specify for this purpose.

24.3 Language

This Agreement shall be signed in English. Each communication and document made or delivered by one party to another pursuant to this Agreement shall be in the English language or accompanied by a translation thereof into English certified by an officer of the person making or delivering the same as being a true and accurate translation thereof.

25. LAW AND JURISDICTION

25.1 English Law

This Agreement is governed by, and shall be construed in accordance with, English law.

25.2 English Courts

Each of the Lender and the Borrower agrees that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which arise out of or in connection with this Agreement ("**Proceedings**") and, for such purposes, irrevocably submit to the jurisdiction of such courts.

25.3 Appropriate Forum

Each of the Lender and the Borrower irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

25.4 Service of Process

The Lender and the Borrower agree that the process by which any Proceedings in England are begun may be served on them by being delivered to J.P. Morgan Securities Ltd. and Law Debenture Corporate Services Limited, respectively, or their registered offices for the time being. If any such Person mentioned in this Clause is not or ceases to be effectively appointed to accept service of process on the Lender's behalf, the Lender shall immediately appoint a further Person in England to accept service of process on its behalf. If such Person mentioned in this Clause is not or ceases to be effectively appointed to accept service of process on the Borrowers' behalf, the Borrower shall immediately appoint a further Person in England to accept service of process on its behalf. Nothing in this Clause shall affect the right of either party hereto to serve process in any other manner permitted by law.

25.5 Non-exclusivity

The submission to the jurisdiction of the English courts in accordance with Clause 25.2 hereof shall not, and shall not be construed so as to, limit the right of any party hereto to take Proceedings in any other court of competent jurisdiction.

25.6 Consent to Enforcement, etc.

Each of the Lender and the Borrower consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever, irrespective of its use or intended use, of any order or judgement which is made or given in such Proceedings.

25.7 Arbitration

If any dispute or difference of whatever nature howsoever arises from or in connection with this Agreement, or any supplement, modifications or additions thereto, (each a "**Dispute**"), the Lender may elect, by notice to the Borrower, to settle such claim by arbitration in accordance with the following provisions. The Borrower hereby agrees that (regardless of the nature of the Dispute) any Dispute may be settled by arbitration in accordance with the UNCITRAL Arbitration Rules (the "**Rules**") as at present in force by a panel of three arbitrators appointed in accordance with the Rules. The seat of any reference to arbitration shall be London, England. The procedural law of any reference to arbitration shall be English law. The language of any arbitral proceedings shall be English. The appointing authority for the purposes set forth in Articles 7(2) and 7(3) of the Rules shall be the London Court of International Arbitration.

25.8 Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

25.9 Counterparts

This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first before written.

SIGNATURE PAGE

Borrower

OPEN JOINT STOCK COMPANY – "VIMPEL-COMMUNICATIONS"

By: _____

Name:
Title:

By: _____

Name:
Title:

By: _____

Name:
Title:

Ulitsa 8 Marta 10
Building 14
127083 Moscow
Russian Federation

Lender

J.P. Morgan AG

By: _____

Name:
Title:

Grüneburgweg 2
60322 Frankfurt am Main
Federal Republic of Germany

SCHEDULE I

VimpelCom Project Services Limited

VimpelCom Option Project Limited

Elwicom SA

Closed Joint Stock Company "CMS-Lipetsk"

Closed Joint Stock Company "CMS-Kaluga"

Closed Joint Stock Company "CMS-Tula"

Closed Joint Stock Company "CMS-Smolensk"

Closed Joint Stock Company "CMS-Ryazan"

Closed Joint Stock Company "CMS-Nizhniy – Novgorod"

Closed Joint Stock Company "Variant-Inform"

Closed Joint Stock Company "Makrocom"

Open Joint Stock Company "Bee Line-TV"

Open Joint Stock Company "Bee Line-Vladimir"

Open Joint Stock Company "Center Sotovoy Svyazi"

Closed Joint Stock Company "Volzhskaya Svyaz Saratov"

Limited Liability Company "Orasoft"

Closed Joint Stock Company "MOKOM"

Limited Liability Company "MBL-Press"

FOURTH SCHEDULE
PROVISIONS FOR MEETINGS OF THE NOTEHOLDERS

1. (a) A holder of Notes may, by an instrument in writing in the English language (a "**form of proxy**") signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar or the Transfer Agent not less than 48 hours before the time fixed for the relevant meeting, appoint the person (a "**proxy**") to act on his or its behalf in connection with any meeting of the Noteholders and any adjourned such meeting.

   (b) Any holder of Notes which is a corporation may by a resolution of its directors or other governing body authorise any person to act as its representative (a "**representative**") in connection with any meeting of the Noteholders and any adjourned such meeting.

   (c) Any proxy appointed pursuant to sub-paragraph (a) above or representative appointed pursuant to sub-paragraph (b) above shall so long as such appointment remains in full force be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of the Noteholders, to be the holder of the Notes to which such appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.

2. The Trustee, the Borrower or the Issuer at any time may, and the Trustee (subject to its being indemnified or secured to its satisfaction against all costs and expenses thereby occasioned) upon a request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the Notes for the time being outstanding or when it considers it necessary to take action requiring Noteholder approval or give any other directions with respect to the Loan Agreement shall, convene a meeting of the Noteholders. When required to convene a meeting, the Trustee shall do so as promptly as practicable. Whenever any such party is about to convene any such meeting it shall forthwith give notice in writing to the other parties of the day, time and place thereof and of the nature of the business to be transacted thereat. Every such meeting shall be held at such time and place as the Trustee may appoint or approve.

3. At least 14 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is held) specifying the day, time and place of meeting shall be given to the Noteholders in the manner provided in the Conditions. A copy of the notice shall be given to the Trustee unless the meeting shall be convened by the Trustee, to the Issuer unless the meeting shall be convened by the Issuer and to the Borrower unless the meeting shall be convened by the Borrower. Such notice shall, unless in any particular case the Trustee otherwise agrees or determines, specify the terms of the resolution(s) to be proposed and shall include a statement to the effect that the Noteholders may appoint proxies by executing and delivering a form of proxy in the English language as aforesaid or may appoint representatives by resolution of their directors or other governing body.

4. A person (who may, but need not, be a Noteholder) nominated in writing by the Trustee shall be entitled to take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for the holding of such meeting the Noteholders present shall choose one of their number to be chairman and, failing such choice, the Issuer may appoint a chairman (who may, but need not, be a Noteholder).

5. At any such meeting one or more persons present in person holding Notes or being proxies or representatives and holding or representing more than half of the aggregate principal amount of the Notes for the time being outstanding shall form a quorum for the transaction of business except that at any meeting the business of which includes the modification of certain terms, conditions and provisions as listed in the proviso to paragraph 17 hereof the quorum will be one or more persons present in person holding Notes or being proxies or representatives and holding or representing not less than the entire aggregate principal amount of the Notes for the time being outstanding and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business.

6. If within half an hour from the time appointed for any such meeting a quorum is not present the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case where a quorum is not present it shall be adjourned for such period, not being less than 14 days nor more than 42 days, as may be appointed by the chairman either at or after the meeting. Save as otherwise provided in paragraph 17 hereof at such adjourned meeting one or more persons present in person holding Notes or being proxies or representatives representing more than one quarter of the aggregate principal amount of the Notes for the time being outstanding shall form a quorum and shall have the power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting.

7. The chairman may with the consent of (and shall if directed by) any meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

8. At least 10 days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as of an original meeting and such notice shall state the quorum required at such adjourned meeting. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.

9. Every question submitted to a meeting shall be decided on a poll and in case of equality of votes the chairman shall on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a proxy or as a representative.

10. If at any meeting a poll is so demanded, it shall be taken in such manner and (subject as hereinafter provided) either at once or after such an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question to which the poll has been demanded.

11. Any poll at any meeting on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.

12. The Trustee, the Issuer and the Borrower (through their respective representatives) and their respective financial and legal advisers shall be entitled to attend and speak at any meeting of the Noteholders. Save as aforesaid no person shall be entitled to attend or vote at any meeting of the Noteholders or to join with others in requesting the convening of such a meeting unless he is a Noteholder or is a proxy or a representative. Neither the Issuer nor the Borrower nor any of the Borrower's subsidiaries shall be entitled to vote in respect of Notes beneficially owned by or on behalf of any of them but this shall not prevent any proxy or any representative from being a director, officer or representative of, or otherwise connected with, the Issuer or the Borrower or any subsidiary of the Issuer.

13. Subject as provided in paragraph 12 hereof, at any meeting every person who is so present shall have one vote in respect of $1,000 in principal amount of each Note so held or in respect of which he is a proxy or a representative. Without prejudice to the obligations of proxies, any persons entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

14. The proxies and representatives need not be Noteholders.

15. Each form of proxy shall be deposited by the Principal Paying Agent or (as the case may be) by the Registrar or the Transfer Agent at such place as the Trustee shall designate or approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the form of proxy propose to vote and in default the form of proxy shall not be treated as valid unless the chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A copy of each form of proxy shall be deposited with the Trustee before the commencement of the meeting or adjourned meeting but the Trustee shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in such form of proxy.

16. Any vote given in accordance with the terms of a form of proxy shall be valid notwithstanding the previous revocation or amendment of the form of proxy or of any of the Noteholders' instructions pursuant to which it was executed, provided that no intimation in writing of such revocation or amendment shall have been received by the Principal Paying Agent at its registered office or by the chairman of the meeting, in each case by the time being 24 hours before the commencement of the meeting or adjourned meeting at which the form of proxy is intended to be used.

17. A meeting of the Noteholders shall, in addition to the power hereinbefore given, but without prejudice to any powers conferred on other persons by these presents, have the following powers exercisable by Extraordinary Resolution namely:

    (a) power to sanction any proposal by the Issuer or the Borrower for any modification, alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer, or of the Issuer against the Borrower, whether such rights shall arise under these presents, the Loan Agreement or otherwise;

    (b) power to assent to any alteration of the provisions contained in these presents or the Notes which shall be proposed by the Issuer or the Trustee;

    (c) power to approve a person proposed to be appointed as a new Trustee under the Trust Deed and power to remove any Trustee or Trustees for the time being thereof;

(d) power to authorise the Trustee to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;

(e) power to discharge or exonerate the Trustee from any liability in respect of any act or omission for which the Trustee may have become responsible under these presents or in respect of the Notes;

(f) power to give any authority, discretion or sanction under which the provisions of these presents or the Notes is required to be given by Extraordinary Resolution; and

(g) power to appoint any persons (whether a Noteholder or not) as a committee or committees to represent the interests of the Notes and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution.

PROVIDED THAT the provisions of paragraphs 6 of this Schedule for a reduced quorum at adjourned meetings shall not apply to any resolution whereby:

(1) the terms and conditions relating to the maturity, redemption, prepayment and repayment of the Notes shall be altered;

(2) any date fixed for payment of principal or interest in respect of the Notes shall be changed;

(3) the principal amount of any Note or the amount of principal or interest payable on any date in respect of the Notes shall be reduced;

(4) the amounts corresponding to interest payable in respect of the Notes shall be reduced or the method of determining or calculating the amount of any payment in respect of the Notes or the date for any such payment shall be varied or altered;

(5) the currency in which payments under the Notes are to be made shall be varied;

(6) any date fixed for payment of principal or interest shall be changed or the amount of principal or interest payable shall be reduced or the method of calculating the amount of any payment shall be altered in each case under the Loan Agreement or the currency in which any such payments shall be made shall be varied;

(7) the governing law of the Conditions or the Trust Deed shall be varied or altered;

(8) the variation or alteration of the governing law of, or the events of default set forth in Clause 15 of, the Loan Agreement shall be sanctioned. For the avoidance of doubt, this proviso (8) to paragraph 17 does not, subject to proviso (9) below, apply to the waiver of an event of default set forth in Clause 15 of the Loan Agreement prior to the exercise by the Holders or the Trustee of the right to accelerate thereunder, or the waiver, modification or amendment of any covenant in the Loan Agreement;

(9) a waiver of an event of default set forth in Clause 15 of the Loan Agreement following the exercise of the right to accelerate thereunder or the waiver of an event of default set forth in Clause 15.1(a), (b), (i) or (j) of the Loan Agreement that has given rise to a right of acceleration under the Loan Agreement where the Holders or the Trustee have or has not yet exercised such right shall be sanctioned or would, with the passage of time, give rise to such right;

(10) any scheme or proposal of the exchange or sale of the Notes for or the conversion of the Notes into or the cancellation or termination of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash shall be sanctioned;

(11) the provisions of this Schedule concerning the quorum required at any meeting of the Noteholders or any adjourned such meeting thereof or concerning the majority required to pass an Extraordinary Resolution shall be amended; or

(12) this proviso is amended in any manner.

18. Any resolution passed at a meeting of the Noteholders duly convened and held in accordance with these presents shall be binding upon all the Noteholders whether present or not present at such meeting, and the Noteholders shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of any resolution justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Noteholders shall be given to the Noteholders by the Trustee in accordance with Condition 14 within 14 days of such result being known provided that the failure to give such notice shall not invalidate such resolution.

19. The expression "**Extraordinary Resolution**" when used in these presents means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with these presents by either (i) a majority of the votes cast on a poll representing more than half (or, in the case of an adjourned meeting, one quarter) of the aggregate principal amount of the Notes for the time being outstanding or (ii) in respect of an Extraordinary Resolution the business of which includes the modification of certain terms, conditions and provisions as listed in the proviso to paragraph 17 hereof, a poll representing the entire aggregate principal amount of the Notes for the time being outstanding. A Written Resolution shall take effect as if it were an Extraordinary Resolution.

20. Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee and any such minutes as aforesaid, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding meeting of the Noteholders shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed and transacted.

21. Subject to all other provisions contained in these presents, the Trustee may without the consent of the Noteholders prescribe such further regulations regarding the holding of meetings of Noteholders and attendance and voting thereat as the Trustee may in its sole discretion determine.

22. The following provisions shall apply where outstanding Notes belong to more than one series:

(a) Business which in the opinion of the Trustee affects the Notes of only one series shall be transacted at a separate meeting of the holders of the Notes of that series.

(b) Business which in the opinion of the Trustee affects the Notes of more than one series but does not give rise to an actual or potential conflict of interest between the holders of Notes of one such series and the holders of Notes of any other such series shall be transacted either at separate meetings of the holders of the Notes of each such series or at a single meeting of the holders of the Notes of all such series, as the Trustee shall in its absolute discretion determine.

(c) Business which in the opinion of the Trustee affects the Notes of more than one series and gives rise to an actual or potential conflict of interest between the holders of Notes of one such series and the holders of Notes of any other such series shall be transacted at separate meetings of the holders of the Notes of each such series.

(d) The preceding paragraphs of this Schedule shall be applied as if references to the Notes and Noteholders were to the Notes of the relevant series and to the holders of such Notes.

In this paragraph, "**Business**" includes (without limitation) the passing or rejection of any resolution.

FIFTH SCHEDULE
Part A
FORM OF NOTICE OF CHARGE AND TRANSFER OF LOAN AGREEMENT

To: Open Joint Stock Company "Vimpel-Communications"
Ulitsa 8 Marta 10, Building 14
125083 Moscow
Russian Federation

26 April, 2002

Dear Sirs,

Loan Agreement dated 23 April, 2002 between Open Joint Stock Company "Vimpel-Communications" (the "Borrower") and J.P. Morgan AG (the "Issuer") relating to a Loan of $250,000,000 (the "Loan Agreement")

We refer to the Loan Agreement and to the Trust Deed (the "**Trust Deed**") dated 26 April 2002 made between the Issuer and The Bank of New York as trustee (the "**Trustee**") (a copy of which has been delivered to you on the date hereof and the terms of which you are deemed to have notice) relating to the $250,000,000 10.45 per cent. Loan Participation Notes due 2005 of the Issuer (the "**Notes**") and hereby give you notice in your capacity as Borrower under the Loan Agreement that we have on 26 April, 2002 by virtue of the provisions of Clause 4(A) of the Trust Deed charged by way of first fixed security to the Trustee, to secure the payment to the Trustee of all amounts due in respect of the Notes pursuant to the terms and conditions of the Notes as scheduled to the Trust Deed (the "**Conditions**") and all other moneys payable under or in respect of the Trust Deed, the Notes or the Conditions subject to the proviso for redemption and repayment set out in the said Clause 4:

(a) all our rights to principal, interest and other amounts now or hereafter paid and payable by you to us as lender under the Loan Agreement, and

(b) our right to receive all sums which may be paid or be or become payable by you to us under any claim, award or judgment relating to the Loan Agreement,

provided that, in the case of paragraphs (a) and (b) above, there is excluded from such charge all our rights, interests and benefits in respect of your obligations under Clause 7.6 (second sentence thereof), Clause 8.3(a), Clause 10, Clause 11, Clause 21 and (to the extent that our claim is in respect of one of the aforementioned Clauses) Clause 8.2 and Clause 19.2 of the Loan Agreement and any amounts relating thereto.

In addition, we hereby give you notice in your capacity as Borrower that we have on 26 April 2002 by virtue of the provisions of Clause 4(B) of the Trust Deed transferred to the Trustee all our rights, interests and benefits, both present and future, as lender under or pursuant to the Loan Agreement (including, without limitation, the right to declare the Loan immediately due and payable and to take proceedings to enforce your obligations) other than (i) our rights to principal, interest and other amounts now or hereafter paid and payable by you to us as lender under the Loan Agreement, (ii) our right to receive all sums which may be paid or be or become payable by you to us under any claim, award or judgment relating to the Loan Agreement and (iii) all our rights, title and interest in and to all sums of money now or in the future deposited in the account in our name with JPMorgan Chase Bank, London Branch and the debts represented thereby (other than interest from time to time earned thereon) which, in each case, are charged to the Trustee by way of security pursuant to Clause 4(A) of the Trust Deed.

We hereby unconditionally instruct and authorise you:

(a) to disclose to the Trustee without any reference to or further authority from us such information relating to the Loan Agreement or the Loan as the Trustee may at any time and from time to time request you to disclose to it; and

(b) at any time and from time to time upon receipt by you of instructions from the Trustee in writing pursuant to the terms of the Trust Deed and in respect of the transfer in Clause 4(B) of the Trust Deed, to act in accordance with such instructions without any reference to or further authority from us.

The instructions and authorisations which are contained in this letter shall remain in full force and effect until we and the Trustee together give you notice in writing revoking them.

This letter shall be governed by and construed in accordance with English law.

Would you please acknowledge receipt of this letter and your acceptance of the instructions and authorisations contained in it by signing the form of acknowledgement attached to the enclosed copy of this letter and returning it forthwith to the Trustee at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom with a copy to us.

Yours faithfully,

for and on behalf of
J.P. Morgan AG

cc: The Bank of New York

Part B

FORM OF ACKNOWLEDGEMENT OF NOTICE OF CHARGE AND TRANSFER OF LOAN AGREEMENT

To: The Bank of New York
One Canada Square
Canary Wharf
London E14 5AL
United Kingdom

(as trustee for $250,000,000 10.45 per cent.
Loan Participation Notes due 2005
of the Issuer (as defined below))

26 April, 2002

Dear Sirs,

Loan Agreement dated 23 April 2002 between Open Joint Stock Company "Vimpel-Communications" (the "Borrower") and J.P. Morgan AG (the "Issuer") relating to a Loan of $250,000,000 (the "Loan Agreement")

We hereby acknowledge receipt of a letter (a copy of which is attached hereto) of today's date addressed to us by the Issuer regarding the Loan Agreement, and we hereby accept the instructions and authorisations contained therein and undertake to act in accordance and comply with the terms thereof.

We hereby further acknowledge and confirm to you that:

(a) we do not have, and will not make or exercise, any claims or demands, any rights of counter-claim, rights of set off or any other equities against the Issuer in respect of sums from time to time becoming due to the Issuer under the Loan Agreement;

(b) we have not, as at the date hereof, received any notice that any third party (other than the Issuer in respect of its rights and interest under the Loan Agreement) has or will have any rights or interest whatsoever or has made or will be making any claim or demand or taking any action whatsoever in respect of the Loan Agreement or sums from time to time becoming due thereunder.

We undertake that, in the event of our becoming aware at any time that any person or entity other than you or the Issuer has or will have any rights or interests whatsoever in or has made or will be making any claim or demand or taking any action whatsoever in respect of the Loan Agreement or sums from time to time becoming due thereunder, we will forthwith give written notice thereof to you and to the Issuer.

We have made the acknowledgements and confirmations and have given the undertaking set out in this letter in the knowledge that they are required by you in connection with the charge which has been granted by the Issuer in your favour and the transfer under the Trust Deed each referred to in the letter a copy of which is attached hereto.

This letter is governed by, and shall be construed in accordance with, English law.

Yours faithfully,

For and on behalf of Open Joint Stock Company “Vimpel-Communications”.

cc : J.P. Morgan AG

Part C
FORM OF NOTICE OF CHARGE OF THE ACCOUNT

To: JPMorgan Chase Bank, London Branch
Trinity Tower
9 Thomas More Street
London E1W 1YT
England

26 April, 2002

Dear Sirs,

Loan Agreement dated 23 April 2002 between Open Joint Stock Company "Vimpel-Communications" (the "Borrower") and J.P. Morgan AG (the "Issuer") relating to a Loan of $250,000,000 (the "Loan Agreement")

We refer to the Loan Agreement and to the Trust Deed (the "**Trust Deed**") dated 26 April 2002 made between us and The Bank of New York as trustee (the "**Trustee**") (a copy of which has been delivered to you on the date hereof and the terms of which you are deemed to have notice) relating to the $250,000,000 10.45 per cent. Loan Participation Notes due 2005 issued by us (the "**Notes**") and hereby give you notice that we have on 26 April, 2002 by virtue of the provisions of Clause 4(A) of the Trust Deed charged by way of first fixed security to the Trustee to secure the payment to the Trustee of all amounts due in respect of the Notes pursuant to the terms and conditions of the Notes as scheduled to the Trust Deed (the "**Conditions**") and all other moneys payable under or in respect of the Trust Deed, the Notes or the Conditions, subject to the proviso for redemption and repayment set out in the said Clause 4, all our rights, interest and benefits in and to all sums of money now or in the future deposited in the Account No: 24498502 held in our name with you and the debts represented by such sums (other than interest from time to time earned thereon and amounts relating to the Reserved Rights).

We hereby unconditionally instruct and authorise you at any time following a Relevant Event (as defined in the Trust Deed):

(a) to disclose to the Trustee without reference to or further authority from us such information relating to the Account and the sums therein as the Trustee may at any time and from time to time request you to disclose to it;

(b) to hold all sums from time to time standing to the credit of the Account (other than interest from time to time earned thereon and amounts relating to the Reserved Rights) to the order of the Trustee;

(c) to pay or release all or any part of the sums standing to the credit of the Account (other than interest from time to time earned thereon and amounts relating to the Reserved Rights) in accordance with the written instructions of the Trustee; and

(d) to comply with the terms of any written notice or instructions in any way relating to or purporting to relate to the charge specified above, the sums standing to the credit of the Account (other than interest from time to time earned thereon and amounts relating to the Reserved Rights) or the debts represented thereby which you receive at any time from the Trustee without any reference to or further authority from us and without any inquiry by you as to the justification or validity of such notices or instructions.

The instructions and authorisations which are contained in this letter shall remain in full force and effect until we and the Trustee together give you notice in writing revoking them.

This letter shall be governed and construed in accordance with English law.

Would you please acknowledge receipt of this letter and your acceptance of the instructions and authorisations contained in it by signing the form of acknowledgement attached to the enclosed copy of this letter and returning it forthwith to the Trustee at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom with a copy to us.

Yours faithfully,

for and on behalf of
J.P. Morgan AG

cc: The Bank of New York

Part D

FORM OF ACKNOWLEDGEMENT OF NOTICE OF CHARGE OF THE ACCOUNT

To: The Bank of New York
One Canada Square
Canary Wharf
London E14 5AL
United Kingdom

(as trustee for $250,000,000 10.45 per cent.
Loan Participation Notes due 2005
of the Issuer (as defined below))

26 April, 2002

Dear Sirs,

Loan Agreement dated April 23, 2002 between Open Joint Stock Company "Vimpel-Communications" (the "Borrower") and J.P. Morgan AG (the "Issuer") relating to a Loan of $250,000,000 (the "Loan Agreement")

We hereby acknowledge receipt of a letter (a copy of which is attached hereto) of today's date addressed to us by the Issuer regarding the Account therein referred to, and we hereby accept the instructions and authorisations contained therein and undertake to act in accordance and comply with the terms thereof.

We hereby further acknowledge and confirm to you that:

(a) we do not have, and will not make or exercise, any claims or demands, any rights of counter-claim, rights of set-off or any other equities or security interest against the Issuer in respect of the Account, the sums therein or the debts represented thereby; and

(b) we have not, as at the date hereof, received any notice that any third party (other than the Issuer in respect of our rights and interests under the Loan Agreement) has or will have any rights or interest whatsoever or has made or will be making any claim or demand or taking any action whatsoever in respect of the Account, the sums therein or the debts represented thereby.

We undertake that, in the event of our becoming aware at any time that any person or entity other than you or the Issuer has or will have any rights or interests whatsoever in or has made or will be making any claim or demand or taking any action whatsoever in respect of the Account, the sums therein or the debts represented thereby, we will forthwith give written notice thereof to you and to the Issuer.

We have made the acknowledgements and confirmations and have given the undertaking set out in this letter in the knowledge that they are required by you in connection with the charge which has been granted by the Issuer in your favour under the Trust Deed referred to in the letter a copy of which is attached hereto.

This letter is governed by, and shall be construed in accordance with English law.

Yours faithfully,

for and on behalf of JPMorgan Chase Bank, London Branch
cc: J.P. Morgan AG

SIXTH SCHEDULE
TRUSTEE'S POWERS IN RELATION TO THE CHARGED PROPERTY AND THE TRANSFERRED RIGHTS

(1) power to demand and collect or arrange for the collection of and receive all amounts which shall from time to time become due and payable in respect of the Charged Property or Transferred Rights;

(2) power to compound, give receipts and discharges for, settle and compromise any and all sums and claims for money due and to become due in respect of the Charged Property or Transferred Rights;

(3) power to exercise all or any of the powers or rights which but for the creation of the Security Interests would have been exercisable by the Issuer in respect of the Charged Property or Transferred Rights;

(4) power to file any claim, to take any action, and to institute and prosecute or defend any legal, arbitration or other proceedings in respect of the Charged Property or the Transferred Rights;

(5) power to lodge claims and prove in and to institute, any insolvency proceedings of whatsoever nature relating to the Borrower;

(6) power to execute, deliver, file and record any statement or other paper to create, preserve, perfect or validate the creation of the Security Interests or to enable the Trustee to exercise and enforce its rights under these presents;

(7) power to apply for, obtain, make and renew any approvals, permissions, authorisations and other consents and all registrations and filings which may be desirable or required to create or perfect the Security Interests or to ensure the validity, enforceability or admissibility in evidence of this Trust Deed in any jurisdiction;

(8) power to endorse any cheques or other instruments or orders in connection with the above; and

(9) power to execute any documents and to do anything which the Trustee deems to be necessary or desirable in connection with the Charged Property and the Transferred Rights.

EXECUTED as a deed by	)	
J.P. MORGAN AG	)	
acting by	)	/s/ Annet Tamminga
acting under the authority of that company	)	Vice President
in the presence of:	)	

Witness's signature:	/s/ David O'Brien
Name:	David O'Brien
Address:	125 London Wall, London EC2Y 5AJ
Occupation:	Solicitor

EXECUTED as a deed by	)	
THE BANK OF NEW YORK	)	Paul Pereira
acting by	)	AVP
acting under the authority of that company	)	
in the presence of:	)	

Witness's signature:	/s/ Michelle Jakovich
Name:	Michelle Jakovich
Address:	One Canada Square, London E14 5DS
Occupation:	Legal Assistant

EXHIBIT 4.1.5

Addendum No. 5
To License No. 10005 (series A 009106)
dated April 28, 1998

Legal address on the title page of the License shall read as follows:

"127083, Moscow, Ul. Vosmogo Marta, 10, bldg. 14."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	Yu.A. Pavlenko
		July 3, 2002
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	B.V. Vorobiev

EXHIBIT 4.2.6

Amendment No. 6
To License No. 14707 (series A 014120)
dated April 7, 2000

Legal address on the title page of the License shall read as follows:

"127083, Moscow, Ul. Vosmogo Marta, 10, bldg. 14."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	Yu.A. Pavlenko
		June 13, 2002
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	B.V. Vorobiev

Filename: d56093_ex436.htm
Type: EX-4.3.6
Comment/Description: Amendment No. 6 to License No. 14708
(this header is not part of the document)

EXHIBIT 4.3.6

Amendment No. 6
To License No. 14708 (series A 014121)
dated April 7, 2000

Legal address on the title page of the License shall read as follows:

"127083, Moscow, Ul. Vosmogo Marta, 10, bldg. 14."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	Yu.A. Pavlenko
		June 13, 2002
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	B.V. Vorobiev

Filename: d56093_ex447.htm
Type: EX-4.4.7
Comment/Description: Amendment No. 7 to License No. 14709
(this header is not part of the document)

EXHIBIT 4.4.7

Amendment No. 7
To License No. 14709 (series A 014122)
dated April 7, 2000

Legal address on the title page of the License shall read as follows:

"127083, Moscow, Ul. Vosmogo Marta, 10, bldg. 14."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	Yu.A. Pavlenko
		June 13, 2002
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	B.V. Vorobiev

Filename: d56093_ex448.htm
Type: EX-4.4.8
Comment/Description: Amendment No. 8 to License No. 14709
(this header is not part of the document)

EXHIBIT 4.4.8

Amendment No. 8
To License No. 14709 (series A 014122)
dated April 7, 2000

To add an additional clause to the Conditions For Carrying Out Activities Under License No. 14709:

"In the territory of Chechen Republic services to be rendered as of (no later than) December 31, 2003."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	B.D. Antoniouk
		November 14, 2002
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	N.M. Popov

EXHIBIT 4.4.9

Amendment No. 9
To License No. 14709 (series A 014122)
dated April 7, 2000

To add an additional clause to the Conditions For Carrying Out Activities Under License No. 14709:

"In the territory of the Republic of Ingushetiya services to be rendered as of (no later than) December 31, 2003."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	B.D. Antoniouk
		December 15, 2002
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	N.M. Popov

Filename: d56093_ex456.htm
Type: EX-4.5.6
Comment/Description: Amendment No. 6 to License No. 14710
(this header is not part of the document)

EXHIBIT 4.5.6

Amendment No. 6
To License No. 14710 (series A 014123)
dated April 7, 2000

Legal address on the title page of the License shall read as follows:

"127083, Moscow, Ul. Vosmogo Marta, 10, bldg. 14."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	Yu.A. Pavlenko
		June 13, 2002
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	B.V. Vorobiev

Filename: d56093_ex4-6.htm
Type: EX-4.6
Comment/Description: License No. 23706
(this header is not part of the document)

EXHIBIT 4.6

MINISTRY OF THE RUSSIAN FEDERATION
FOR COMMUNICATIONS AND INFORMATION

LICENSE
A 023225 **No. 23706**

In accordance with the applicable laws of the Russian Federation
this permission is given to

Open Joint Stock Company
"Vimpelcom-Region"

Legal Address:

127083, Moscow, 8 Marta Street, 10, bldg. 14

Type of Operations:

provision of cellular radiotelephone communication services
within the 1800 MHz band

Conditions for carrying out this type of activity and the territory
are set forth in the attachment which is an integral part hereof

Term of validity of the License:	until September 12, 2012
Services to be rendered as of (no later than):	March 12, 2004
Date of registration of the License in the Unified Register of Communications Licenses:	September 12, 2002

First Deputy
Minister of the Russian
Federation for
Communications and Information **[Signature]** **B. D. Antoniuk**
[Seal]

Ministry of the Russian Federation for Communications and Information

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 23706

1. OJSC "Vimpelcom-Region" (the Licensee) is hereby authorized to provide cellular radiotelephone communications services of the public communication network using DCS-1800 equipment within the 1800 MHz frequency band (SPS-1800) on the territory of the Republic of Karelia, St. Petersburg, Arkhangelsk Oblast, Vologda Oblast, Kaliningrad Oblast, Leningrad Oblast, Murmansk Oblast, Novgorod Oblast, Pskov Oblast and Nenets Autonomous Okrug.

The cellular communication services shall be provided with the use of the Licensee's communication network, which shall exist as a part of the Russian Federation unified SPS-1800 communication network.

The Licensee shall participate in the efforts of the body, empowered by the Administration of Communications of the Russian Federation to coordinate work on the creation of a unified SPS-1800 communication network.

2. The aggregate installed capacity of the network and the percentage of territory covered hereunder, provided that sufficient frequency resources are allocated, must constitute as of December 31 of each year, respectively, no less than:

2004	-	10,000 numbers	-	20%
2006	-	50,000 numbers	-	40%
2011	-	200,000 numbers	-	80%

3. The Licensee's network shall be connected to the public communications network of the Russian Federation at the long-distance level pursuant to the General Scheme of Creation and Stage-by-Stage Development of the Federal GSM Mobile Cellular Communication Network of the Russian Federation.

The Licensee's communication network may be additionally connected to the public communication network of the Russian Federation at the local level to ensure technical capacity for handling local traffic and rendering to subscribers of additional call-forwarding service from the local telephone network.

Additional connection of the Licensee's network with the public communication network of the Russian Federation at the local level is allowed only if the networks are connected at the long-distance level.

Pending the above referenced scheme the Licensee shall follow the instructions of the Administration of Communications of the Russian Federation.

4. Roaming among SPS-1800 communication networks created within the license area shall be prohibited.

5. Any activities of the Licensee related to the interconnection of its network with foreign cellular communication networks requires approval of the Administration of Communications of the Russian Federation or any body authorized thereby.

Ministry of the Russian Federation for Communications and Information

6. The Licensee shall observe the existing Russian rules and regulations as well as ETSI standards established by the Administration of Communications of the Russian Federation in respect of SPS-1800 communication networks.

Structural principles and operational capacities of the SPS-1800 communication network must conform to international recommendations related to organization of such networks.

7. The Licensee shall use the infrastructure of SPS-900 communication networks on a contractual basis and non-discriminatory principles.

8. The numbering in the Licensee's communication network must conform to the numbering plan of the public communication network of the Russian Federation and the numbering plan requirements of the land-based mobile communication network services.

9. The Licensee's network shall be designed and constructed so that the percentage of failures in the network per hour of maximum traffic shall not exceed 5%.

10. The network shall be created only upon availability of the design documentation worked out in accordance with the General Scheme of Creation and Stage-by-Stage Development of the Federal GSM Mobile Cellular Communication Network of the Russian Federation pursuant to the Construction Norms and Rules and the Departmental Norms of Technological Designing (SNiP, VNTP) applicable in the Russian Federation, agreed and approved pursuant to the established procedure.

11. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

The Licensee shall have the right to refuse to provide the services in the following circumstances:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes, receives communication services through unlawful methods, operates equipment provided in violation of the rules of technical operation, or utilizes uncertified equipment.

Ministry of the Russian Federation for Communications and Information

Refusal in each specific case must have a basis.

12. The Licensee shall provide communication services of its network to all users of unified SPS-1800 communication network, except for users of other licensee's network within the license territory, irrespective of where they are registered or their subscriber's equipment is purchased.

13. The Licensee shall provide the mobile subscribers with the ability to make calls to emergency services (fire brigades, police, ambulance, gas emergency services and others) free-of-charge within the license territory.

14. Long-distance and international communication services to the Licensee's network subscribers shall be rendered through the public communications network of the Russian Federation only pursuant to the General Scheme of Creation and Stage-by-Stage Development of the Federal GSM Mobile Cellular Communication Network of the Russian Federation.

15. The Licensee shall provide the users with communication services the quality of which corresponds to standards, technical norms, certificates and terms of agreements for provision of communication services.

16. The Licensee shall be liable to users for non-fulfillment or unsatisfactory fulfillment of its obligations in the order and to the extent provided by applicable legislation of the Russian Federation.

17. The Licensee shall be obligated to provide mobile cellular communications services on a daily basis, 24 hours a day, except breaks for carrying out necessary repair and maintenance works, which shall be scheduled for a time when the same cause the least harm to users.

18. The Licensee shall be obligated to create an information service and publish a directory of subscribers of the network.

19. Subscriber cards required to identify the subscribers and effect settlements for the provided services of the unified SPS-1800 cellular communication network of the Russian Federation shall be prepared in observance of the unified numbering plan for such cards set forth by the Administration of Communications of the Russian Federation.

20. The Licensee shall have the right to use communications channels and physical chains of the public communications network of the Russian Federation at the rates effective for a particular category of users.

21. The Licensee shall be obliged to meet requirements of the Administration of Communications of the Russian Federation regarding the procedures for traffic passing and services.

Ministry of the Russian Federation for Communications and Information

In cases stipulated by legislation of the Russian Federation the centralized coordination of the Licensee's communications networks shall be carried out directly by the Administration of Communications of the Russian Federation or the body authorized thereby.

22. Expenses relating to the development of the general organizational scheme of the unified SPS-1800 cellular communication network of the Russian Federation, Licensee's communications network design and construction, its connection to the public communications network of the Russian Federation, allocation of frequencies required to set up the network, approval of the conditions of electromagnetic compatibility of the radio equipment with the existing radio devices, settlements with the public communications network operators of the Russian Federation and other GSM networks operators, as well as development and issuance of regulatory documents, shall be borne by the Licensee.

23. Mutual traffic settlements with public communications network operators shall be performed by the Licensee in accordance with the procedure established for the public communications network of the Russian Federation.

24. The tariffs for communications services shall be established on a contractual basis.

In cases stipulated by the legislation of the Russian Federation with regard to specific types of communications services provided by communications enterprises, the tariffs may be regulated by the State.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications companies. Disputes on such matters shall be resolved by the court or arbitration tribunal.

Subscribers shall not be charged for any calls if actual connection was not established.

25. Specific categories of public officials, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunications facilities in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officials and individuals entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

26. The Licensee must provide official telecommunications free-of-charge pursuant to the procedure established by the Ministry of the Russian Federation on Communications and Information.

Ministry of the Russian Federation for Communications and Information

27. Should any acts of God, quarantines or other emergency situations arise which are provided for by the legislation of the Russian Federation, the authorized state bodies shall have the right of priority utilization and suspension of operation of networks and communication devices of the Licensee.

28. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law enforcement in the Russian Federation, as well as for messages on major accidents, catastrophes, epidemics, epizootic and acts of God.

29. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall provide information on the technical condition and development prospects of the network, conditions for the provision of telecommunication services and existing tariffs.

30. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted through the communication network of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Any tapping of telephone conversations, review of electronic communication messages, receipt of any information thereon or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

31. During development, establishment and operation of the communication network, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and allow the criminal investigation agencies to carry out such investigations using the communication network, and shall take actions to prevent disclosure of any organizational and tactic methods of such activities.

Should communication devices be used for criminal purposes harmful to the interests of individuals, society and the state, operation of the networks and communications equipment of the Licensee may be suspended by the authorized state bodies in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation “On Criminal Investigation Activities in the Russian Federation” are met.

32. The Licensee shall take measures to prevent any unauthorized interference with the management of the network and any unauthorized control over its operation.

Ministry of the Russian Federation for Communications and Information

33. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall allow to carry out tests of the equipment using its network, unless it affects its operations.

34. The commencement of the provision of communications services shall be permitted, in accordance herewith, only if the Licensee has obtained the permission to use radio frequencies and operate the network, issued by the State Communications and Information Control Service of the Russian Federation.

35. Use of technical communications devices shall be permitted provided a compliance certificate issued by Electrosvyaz Mandatory Certification System has been obtained.

36. The Licensee shall not obstruct any inspections of the technical parameters of the network by the State Communications Control Service of the Russian Federation, and, if necessary, shall give such Service access to its measuring devices to be used for such work.

37. This License shall be governed, construed and performed in accordance with the applicable legislation of the Russian Federation.

38. The Licensee shall operate in accordance with the regulatory acts and applicable legislation of the Russian Federation.

39. The Ministry of the Russian Federation for Communications and Information reserves the right to introduce any amendments to this license due to any changes in the applicable legislation of the Russian Federation.

40. The Licensee shall submit to local statistical agencies and the Ministry of the Russian Federation for Communications and Information periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submission of statistical reports shall result in administrative liability in accordance with the applicable legislation.

41. This License may not be assigned to another person.

42. The Licensee shall effect payments out of income received for the rendered communication and information services, to the account of the Ministry of the Russian Federation for Communications and Information, pursuant to the standards established under Decree No. 380 of the Government of the Russian Federation of April 28, 2000.

Transfer of cash funds shall be effected on a monthly basis subject to the actual income received for the communication and information services rendered in the preceding month, no later than the 20th day of the subsequent month. The amount to be transferred shall be confirmed each quarter upon the provision of accounting reports to the tax agencies.

Ministry of the Russian Federation for Communications and Information

With a view to effecting control over the completeness of cash transfers to the account of the Ministry of the Russian Federation for Communications and Information, the licensee shall, upon written request of the management of the department for control over communications and information in the relevant political subdivision of the Russian Federation, provide the corresponding accounting report form which reflects the income from the provided communications and information services.

43. The License shall be registered upon its issuance with the relevant state communications and information control authority of the Russian Federation.

In case of any change in the mailing address or banking details or the telephone numbers, and in case of reorganization and liquidation of the legal entity, the Licensee shall inform the Ministry of the Russian Federation for Communications and Information and the state communications control and information departments which registered the license, accordingly.

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	**B.D. Antoniuk**
Deputy Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	**V.N. Ugryumova**

EXHIBIT 4.6.1

Amendment No. 1
to License No. 23706 (registration series A 023225)
dated September 12, 2002

To add the following additional paragraph to clause 1 of the Conditions For Carrying Out Activities Under License No. 23706:

"Under this License, the Licensee may provide cellular radiotelephone communications services in GSM 900/1800 dual band network and install necessary equipment to operate in the frequencies allocated in the 1800 and 900 MHz band in accordance with the established procedure, in St.-Petersburg and Leningrad region."

First Deputy Minister
of the Russian Federation for
Communications and Information [Signature] **B.D. Antoniouk**

February 07, 2003

Head of the Department
of the Organization
of Licensing Activity [Signature] **N.M. Popov**
[Seal]

Filename: d56093_ex4-7.htm
Type: EX-4.7
Comment/Description: License No. 24303
(this header is not part of the document)

EXHIBIT 4.7

MINISTRY OF THE RUSSIAN FEDERATION
FOR COMMUNICATIONS AND INFORMATION

LICENSE
A 023884 **No. 24303**

In accordance with the applicable laws of the Russian Federation this permission is given to

Limited Liability Company "VOSTOK-ZAPAD Telecom"

Legal Address:

680000, Khabarovsk, Ul. Frunze, 51-a, office 19-a

Type of Operations:

provision of cellular radiotelephone communication services within the 1800 MHz Band

Conditions for carrying out this type of activity and the territory are set forth in the attachment which is an integral part hereof

Term of validity of the License: until November 14, 2012

Services to be rendered as of (no later than): May 14, 2004

Date of registration of the License in the Unified Register of Communications Licenses: November 14, 2002

First Deputy Minister of the Russian Federation for Communications and Information **[Signature]** **B.D. Antoniouk**
[Seal]

Ministry of the Russian Federation for Communications and Information

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 24303

1. LLC "VOSTOK-ZAPAD Telecom" (the Licensee) is hereby authorized to provide cellular radiotelephone communications services of the public communication network using DCS-1800 equipment within the 1800 MHz frequency band (SPS-1800) on the territory of the Urals Region: Republic of Komi, Udmurtskaya Republic, Kurgan, Orenburg, Perm, Sverdlovsk, Tioumen, Chelyabinsk Oblasts, Komi-Permyatsk, Khanty-Mansiisk, Yamal-Nenets autonomous regions.

The cellular communication services shall be provided with the use of the Licensee's communication network, which shall exist as a part of the Russian Federation unified SPS-1800 communication network.

The Licensee shall participate in the efforts of the body, empowered by the Administration of Communications of the Russian Federation to coordinate work on the creation of a unified SPS-1800 communication network.

2. The installed capacity of the network and the percentage of territory covered hereunder, provided that sufficient frequency resources are allocated, must constitute as of December 31 of each year, respectively, no less than:

2005	-	50,000 numbers	-	30%
2012	-	200,000 numbers	-	70%

3. The Licensee's network shall be connected to the public communications network of the Russian Federation at the long-distance level pursuant to the General Scheme of Creation and Stage-by-Stage Development of the Federal GSM Mobile Cellular Communication Network of the Russian Federation.

The Licensee's communication network may be additionally connected to the public communication network of the Russian Federation at the local level to ensure technical capacity for handling local traffic and rendering to subscribers of additional call-forwarding service from the local telephone network.

Additional connection of the Licensee's network with the public communication network of the Russian Federation at the local level is allowed only if the networks are connected at the long-distance level.

Pending the above referenced scheme the Licensee shall follow the instructions of the Administration of Communications of the Russian Federation.

4. Roaming among SPS-1800 communication networks created within the license area shall be prohibited.

5. Any activities of the Licensee related to the interconnection of its network with foreign cellular communication networks requires approval of the Administration of Communications of the Russian Federation or any body authorized thereby.

Ministry of the Russian Federation for Communications and Information

6. The Licensee shall observe the existing Russian rules and regulations as well as ETSI standards established by the Administration of Communications of the Russian Federation in respect of SPS-1800 communication networks.

Structural principles and operational capacities of the SPS-1800 communication network must conform to international recommendations related to organization of such networks.

7. The Licensee shall use the infrastructure of SPS-900 communication networks on a contractual basis and non-discriminatory principles.

8. The numbering in the Licensee's communication network must conform to the numbering plan of the public communication network of the Russian Federation and the numbering plan requirements of the land-based mobile communication network services.

9. The Licensee's network shall be designed and constructed so that the percentage of failures in the network per hour of maximum traffic shall not exceed 5%.

10. The network shall be created only upon availability of the design documentation worked out in accordance with the General Scheme of Creation and Stage-by-Stage Development of the Federal GSM Mobile Cellular Communication Network of the Russian Federation pursuant to the Construction Norms and Rules and the Departmental Norms of Technological Designing (SNiP, VNTP) applicable in the Russian Federation and agreed pursuant to the established procedure.

11. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

The Licensee shall have the right to refuse to provide the services in the following circumstances:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes, receives communication services through unlawful methods, operates equipment provided in violation of the rules of technical operation, or utilizes uncertified equipment.

Ministry of the Russian Federation for Communications and Information

Refusal in each specific case must have a basis.

12. The Licensee shall provide communication services of its network to all users of unified SPS-1800 communication network, except for users of other licensee's network within the license territory, irrespective of where they are registered or their subscriber's equipment is purchased.

13. The Licensee shall provide the mobile subscribers with the ability to make calls to emergency services (fire brigades, police, ambulance, gas emergency services and others) free-of-charge within the license territory.

14. Long-distance and international communication services to the Licensee's network subscribers shall be rendered through the public communications network of the Russian Federation only pursuant to the General Scheme of Creation and Stage-by-Stage Development of the Federal GSM Mobile Cellular Communication Network of the Russian Federation.

15. The Licensee shall provide the users with communication services the quality of which corresponds to standards, technical norms, certificates and terms of agreements for provision of communication services.

16. The Licensee shall be liable to users for non-fulfillment or unsatisfactory fulfillment of its obligations in the order and to the extent provided by applicable legislation of the Russian Federation.

17. The Licensee shall be obligated to provide mobile cellular communications services on a daily basis, 24 hours a day, except breaks for carrying out necessary repair and maintenance works, which shall be scheduled for a time when the same cause the least harm to users.

18. The Licensee shall be obligated to create an information service and publish a directory of subscribers of the network.

19. Subscriber cards required to identify the subscribers and effect settlements for the provided services of the unified SPS-1800 cellular communication network of the Russian Federation shall be prepared in observance of the unified numbering plan for such cards set forth by the Administration of Communications of the Russian Federation.

20. The Licensee shall have the right to use communications channels and physical chains of the public communications network of the Russian Federation at the rates effective for a particular category of users.

21. The Licensee shall be obliged to meet requirements of the Administration of Communications of the Russian Federation regarding the procedures for traffic passing and services.

Ministry of the Russian Federation for Communications and Information

In cases stipulated by legislation of the Russian Federation the centralized coordination of the Licensee's communications networks shall be carried out directly by the Administration of Communications of the Russian Federation or the body authorized thereby.

22. Expenses relating to the development of the general organizational scheme of the unified SPS-1800 cellular communication network of the Russian Federation, Licensee's communications network design and construction, its connection to the public communications network of the Russian Federation, allocation of frequencies required to set up the network, approval of the conditions of electromagnetic compatibility of the radio equipment with the existing radio devices, settlements with the public communications network operators of the Russian Federation and other GSM networks operators, as well as development and issuance of regulatory documents, shall be borne by the Licensee.

23. Mutual traffic settlements with public communications network operators shall be performed by the Licensee in accordance with the procedure established for the public communications network of the Russian Federation.

24. The tariffs for communications services shall be established on a contractual basis.

In cases stipulated by the legislation of the Russian Federation with regard to specific types of communications services provided by communications enterprises, the tariffs may be regulated by the State.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications companies. Disputes on such matters shall be resolved by the court or arbitration tribunal.

Subscribers shall not be charged for any calls if actual connection was not established.

25. Specific categories of public officials, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunications facilities in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officials and individuals entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

Ministry of the Russian Federation for Communications and Information

26. The Licensee must provide official telecommunications free-of-charge pursuant to the procedure established by the Ministry of the Russian Federation on Communications and Information.

27. Should any acts of God, quarantines or other emergency situations arise which are provided for by the legislation of the Russian Federation, the authorized state bodies shall have the right of priority utilization and suspension of operation of networks and communication devices of the Licensee.

28. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law enforcement in the Russian Federation, as well as for messages on major accidents, catastrophes, epidemics, epizootic and acts of God.

29. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall provide information on the technical condition and development prospects of the network, conditions for the provision of telecommunication services and existing tariffs.

30. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted through the communication network of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Any tapping of telephone conversations, review of electronic communication messages, receipt of any information thereon or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

31. During development, establishment and operation of the communication network, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and allow the criminal investigation agencies to carry out such investigations using the communication network, and shall take actions to prevent disclosure of any organizational and tactic methods of such activities.

Should communication devices be used for criminal purposes harmful to the interests of individuals, society and the state, operation of the networks and communications equipment of the Licensee may be suspended by the authorized state bodies in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation “On Criminal Investigation Activities in the Russian Federation” are met.

Ministry of the Russian Federation for Communications and Information

32. The Licensee shall take measures to prevent any unauthorized interference with the management of the network and any unauthorized control over its operation.

33. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall allow to carry out tests of the equipment using its network, unless it affects its operations.

34. The commencement of the provision of communications services shall be permitted, in accordance herewith, only if the Licensee has obtained the permission to use radio frequencies and operate the network, issued by the State Communications and Information Control Service of the Russian Federation.

35. Use of technical communications devices shall be permitted provided a compliance certificate issued by Svyaz Mandatory Certification System has been obtained.

36. The Licensee shall not obstruct any inspections of the technical parameters of the network by the State Communications Control Service of the Russian Federation, and, if necessary, shall give such Service access to its measuring devices to be used for such work.

37. This License shall be governed, construed and performed in accordance with the applicable legislation of the Russian Federation.

38. The Licensee shall operate in accordance with the regulatory acts and applicable legislation of the Russian Federation.

39. The Ministry of the Russian Federation for Communications and Information reserves the right to introduce any amendments to this license due to any changes in the applicable legislation of the Russian Federation.

40. The Licensee shall submit to local statistical agencies and the Ministry of the Russian Federation for Communications and Information periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submission of statistical reports shall result in administrative liability in accordance with the applicable legislation.

41. This License may not be assigned to another person.

42. The Licensee shall effect payments out of income received for the rendered communication and information services, to the account of the Ministry of the Russian Federation for Communications and Information, pursuant to the standards established under Decree No. 380 of the Government of the Russian Federation of April 28, 2000.

Ministry of the Russian Federation for Communications and Information

Transfer of cash funds shall be effected on a monthly basis subject to the actual income received for the communication and information services rendered in the preceding month, no later than the 20th day of the subsequent month. The amount to be transferred shall be confirmed each quarter upon the provision of accounting reports to the tax agencies.

With a view to effecting control over the completeness of cash transfers to the account of the Ministry of the Russian Federation for Communications and Information, the licensee shall, upon written request of the management of the department for control over communications and information in the relevant political subdivision of the Russian Federation, provide the corresponding accounting report form which reflects the income from the provided communications and information services.

43. The License shall be registered upon its issuance with the relevant state communications and information control authority of the Russian Federation.

In case of any change in the mailing address or banking details or the telephone numbers, and in case of reorganization and liquidation of the legal entity, the Licensee shall inform the Ministry of the Russian Federation for Communications and Information and the state communications and information control departments which registered the license, accordingly.

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	**B.D. Antoniuk**
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	**N.M. Popov**

EXHIBIT 4.7.1

Ministry of the Russian Federation for Communications and Information

Amendment No. 1
to License No. 24303 (registration series A 023884)
dated November 14, 2002

To add the following additional paragraph to clause 1 of the Conditions For Carrying Out Activities Under License No. 24303:

"Under this License, the Licensee may provide cellular radiotelephone communications services in GSM 900/1800 dual band network and install necessary equipment to operate in the frequencies allocated in the 1800 and 900 MHz band in accordance with the established procedure, in Udmurt Republic, Komi Republic, Kirov region, Kurgan Region, Sverdlovsk region and Yamal-Nenetz autonomous okrug."

First Deputy Minister of the Russian Federation for Communications and Information [Signature] **B.D. Antoniouk**

December 15, 2002

Head of the Department of the Organization of Licensing Activity [Signature] [Seal] N.M. Popov

Filename: d56093_ex4-8.htm
Type: EX-4.8
Comment/Description: License No. 15130
(this header is not part of the document)

EXHIBIT 4.8

MINISTRY OF THE RUSSIAN FEDERATION
FOR COMMUNICATIONS AND INFORMATION

LICENSE
A 014207 **No. 15130**

In accordance with the applicable laws of the Russian Federation this permission is given to

Open Joint Stock Company "Orensot"

Legal Address:

460021, Orenburg, proezd Bratiev Znamenskikh, 11a

Type of Operations:

provision of cellular radiotelephone communication services within the 900 MHz Band

Conditions for carrying out this type of activity and the territory are set forth in the attachment which is an integral part hereof

Term of validity of the License:	until June 13, 2010
Services to be rendered as of (no later than):	June 13, 2001
Date of registration of the License in the Unified Register of Communications Licenses:	June 13, 2000

Deputy Minister of the Russian Federation for Communications and Information **[Signature]** **V.V. Timofeev**
[Seal]

Ministry of the Russian Federation for Communications and Information

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 15130

1. OJSC "Orensot" (the Licensee) is hereby authorized to provide cellular radio-telephone communications services of the public communication network within the 900 Mhz (SPS-900) frequency band on the territory of Orenburg Region.

The cellular communication services shall be provided with the use of the Licensee's communication network which shall exist as a part of the Russian Federation unified SPS-900 cellular communication network.

The Licensee shall participate in the efforts of the body empowered by the Ministry of the Russian Federation for Communications and Information to coordinate work on the creation of a unified SPS-900 communication network.

2. The installed capacity of the network and the percentage of territory covered hereunder, provided that sufficient frequency resources are allocated under the project, must constitute as of December 31 of each year, respectively, not less than:

2001	-	10,000 numbers	-	5%
2003	-	20,000 numbers	-	10%
2005	-	30,000 numbers	-	16%
2010	-	60,000 numbers	-	32%

The percentage of territorial coverage may be adjusted in the process of fulfillment of the terms of this License.

3. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

Refusal to provide the services may be caused by circumstances under which:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes, receives communication services through unlawful methods, operates equipment provided in violation of the rules of technical operation, or utilizes uncertified equipment.

Ministry of the Russian Federation for Communications and Information

Refusal in each specific case must have a basis.

4. Each subscriber of the unified SPS-900 network shall have an opportunity to use the SPS-900 network created by the Licensee irrespective of the place of subscriber's registration and the place where subscriber's equipment has been acquired.

5. The SPS-900 network must provide for outgoing and incoming connections between SPS-900 subscribers and subscribers of the public communications network of the Russian Federation.

6. Any activities of the Licensee related to the interconnection of its SPS-900 network with foreign cellular communication GSM networks shall be approved by the Ministry of the Russian Federation for Communications and Information or any body authorized thereby.

7. The Licensee shall observe the existing ETSI standards and the corresponding rules and regulations of the Russian Federation.

Structural principles and operational capacities of the SPS-900 communication network must conform to international recommendations related to organization of such networks.

The Licensee's network shall interact with similar networks of the Russian Federation pursuant to the general organizational scheme of the SPS-900 cellular network of the Russian Federation approved by the Administration of Communications of the Russian Federation.

8. SPS-900 network created by the Licensee shall be connected to the public communication network of the Russian Federation at the long-distance level pursuant to the General Scheme of the unified SPS-900 cellular network of the Russian Federation, subject to the technical conditions issued by OJSC Orenburg Region Telecommunications and OJSC Rostelecom, respectively.

Long-distance and international communication services to the Licensee's network subscribers shall be rendered only through the public communications network of the Russian Federation.

The Licensee shall have the right to use communications channels and physical chains of the public communications network of the Russian Federation at the rates effective for a particular category of users.

Ministry of the Russian Federation for Communications and Information

9. The numbering in the Licensee's communication network must conform to the numbering plan of the public communication network of the Russian Federation and the international GSM numbering plan.

10. Subscriber cards required to identify the subscribers and effect settlements for the provided services of the unified SPS-900 cellular communication network of the Russian Federation shall be issued pursuant to a standard format to be approved by the Ministry of the Russian Federation for Communications and Information or any body authorized thereby.

11. The Licensee's SPS-900 network shall be designed and constructed so that the percentage of failures in the SPS-900 network per hour of maximum traffic shall not exceed 5%.

12. The Licensee shall provide the users with communication services the quality of which corresponds to standards, technical norms, certificates and terms of agreements for provision of communication services.

13. The Licensee shall be liable to users for non-fulfillment or unsatisfactory fulfillment of its obligations in the order and to the extent provided by applicable legislation of the Russian Federation.

14. The Licensee shall be obligated to provide mobile cellular communications services on a daily basis, 24 hours a day, except breaks for carrying out necessary repair and maintenance works, which shall be scheduled for a time when the same cause the least harm to users.

15. The Licensee shall be obligated to create an information service and publish a directory of subscribers of the network.

16. The network shall be created only upon availability of the design documentation worked out in accordance with the Construction Norms and Rules and the Departmental Norms of Technological Designing (SNiP, VNTP) applicable in the Russian Federation and agreed pursuant to the established procedure.

17. The Licensee shall be obliged to meet requirements of the Administration of Communications of the Russian Federation regarding the procedures for traffic passing and services.

In cases stipulated by legislation of the Russian Federation the centralized coordination of the Licensee's communications networks shall be carried out directly by the Administration of Communications of the Russian Federation.

18. Expenses relating to the Licensee's communications network design and construction, its connection to the public communications network of the Russian Federation, and approval of the conditions of electromagnetic compatibility of the utilized radio equipment with the existing radio devices and settlements with the public communications network operators of the Russian Federation and other SPS-900 network operators, as well as development and issuance of regulatory documents, shall be borne by the Licensee.

Ministry of the Russian Federation for Communications and Information

19. Mutual traffic settlements with public communications network operators shall be performed by the Licensee in accordance with the procedure established for the public communications network of the Russian Federation.

20. The tariffs for communications services shall be established on a contractual basis.

In cases stipulated by the legislation of the Russian Federation tariffs for specific types of communications services provided by communications enterprises may be regulated by the State.

Calls to emergency services (fire brigades, police, ambulance, gas emergency services, mining rescue service, and others) must be provided free-of-charge to all individuals and legal entities.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications companies. Disputes on such matters shall be resolved by the court or arbitration tribunal.

Subscribers shall not be charged for any calls if actual connection was not established.

21. Specific categories of public officials, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunications facilities in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officials and individuals entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

22. The Licensee must provide official telecommunications free-of-charge pursuant to the procedure established by the Ministry of the Russian Federation for Communications and Information.

23. Should any acts of God, quarantines or other emergency situations arise which are provided for by the legislation of the Russian Federation, the authorized state bodies shall have the right of priority utilization and suspension of operation of networks and communication devices of the Licensee.

Ministry of the Russian Federation for Communications and Information

24. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law enforcement in the Russian Federation, as well as for messages on major accidents, catastrophes, epidemics, epizootic and acts of God.

25. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall provide information on the technical condition and development prospects of the network, conditions for the provision of telecommunication services and existing tariffs.

26. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted through the communication network of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Any tapping of telephone conversations, review of electronic communication messages, receipt of any information thereon or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

27. During development, establishment and operation of the communication network, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and allow the criminal investigation agencies to carry out such investigations using the communication network, and shall take actions to prevent disclosure of any organizational and tactic methods of such activities.

Should communication devices be used for criminal purposes harmful to the interests of individuals, society and the state, operation of the networks and communications equipment of the Licensee may be suspended by the authorized state bodies in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation “On Criminal Investigation Activities in the Russian Federation” are met.

28. The Licensee shall take measures to prevent any unauthorized interference with the management of the network and any unauthorized control over its operation.

Ministry of the Russian Federation for Communications and Information

29. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall allow to carry out tests of the equipment using its network, unless it affects its operations.

30. The commencement of the provision of communications services shall be permitted, in accordance herewith, only if the Licensee has obtained the permission to use radio frequencies and operate the network, issued by the State Communications Control Service of the Russian Federation.

31. Use of technical communications devices shall be permitted provided a compliance certificate from the Ministry of the Russian Federation for Communications and Information (Ministry of Communications of the Russian Federation, State Committee of the Russian Federation for Communications and Information, State Committee of the Russian Federation for Telecommunications) has been obtained.

32. The Licensee shall not obstruct any inspections of the technical parameters of the network by the State Communications Control Service of the Russian Federation, and, if necessary, shall give such Service access to its measuring devices to be used for such work.

33. This License shall be governed, construed and performed in accordance with the applicable legislation of the Russian Federation.

34. The Licensee shall operate in accordance with the regulatory acts and applicable legislation of the Russian Federation.

35. The Licensee shall allow the subscribers of the GSM-900 cellular network deployed in the Republic of Belarus to use the services of SPS-900 network created by the Licensee. Interaction of the newly-created network with the GSM-900 network of the Republic of Belarus shall be effected by the Licensee pursuant to the requirements of the Administration of Communications of the Russian Federation.

36. The Ministry of the Russian Federation for Communications and Information reserves the right to introduce any amendments to this license due to any changes in the applicable legislation of the Russian Federation.

37. The Licensee shall submit to local statistical agencies and the Ministry of the Russian Federation for Communications and Information periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submission of statistical reports shall result in administrative liability in accordance with the applicable legislation.

38. This License may not be assigned to another person.

Ministry of the Russian Federation for Communications and Information

39. The License shall be registered upon its issuance with the state communications control authorities of the Russian Federation.

In case of any change in the mailing address or banking details or the telephone numbers, and in case of reorganization and liquidation of the legal entity, the Licensee shall inform the Ministry of the Russian Federation for Communications and Information and the Territorial Department of the State Communications Control Service accordingly.

Deputy Minister of the Russian Federation on Communications and Information	[Signature]	V.V. Timofeev
Deputy Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	N. M. Popov

EXHIBIT 4.8.1

Ministry of the Russian Federation for Communications and Information

Amendment No. 1
to License No. 15130 (registration series A 014207)
dated June 13, 2000

Clause 8 of the "Conditions for Carrying out the Activities Under License No. 15130" shall read as follows:

"8. The Licensee's SPS-900 network shall be connected to the public communications network of the Russian Federation at the long-distance level pursuant to the General Scheme of Creation and Stage-by-Stage Development of the Federal GSM Mobile Cellular Communication Network of the Russian Federation, subject to the technical conditions issued by OJSC Orenburg Region Telecommunications, OJSC Rostelecom or CJSC MTT, respectively.

The Licensee's communication network may be additionally connected to the public communication network of the Russian Federation at the local level to ensure technical capacity for handling local traffic and rendering to subscribers of additional call-forwarding service from the local telephone network.

Additional connection of the Licensee's network with the public communication network of the Russian Federation at the local level is allowed only if the networks are connected at the long-distance level.

Long-distance and international communication services to the Licensee's network subscribers shall be rendered only through the public communications network of the Russian Federation.

The Licensee shall have the right to use communications channels and physical chains of the public communications network of the Russian Federation at the rates effective for a particular category of users."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	Yu.A. Pavlenko
	[Seal]	September 21, 2000
Head of the Department of the Organization of Licensing Activity	[Signature]	N.M. Popov

Filename: d56093_ex482.htm
Type: EX-4.8.2
Comment/Description: Amendment No. 2 to License No. 15130
(this header is not part of the document)

EXHIBIT 4.8.2

Ministry of the Russian Federation for Communications and Information

Amendment No. 2
to License No. 15130 (registration series A 014207)
dated June 13, 2000

To add an additional clause to the Conditions For Carrying Out Activities Under License No. 15130:

"The Licensee shall effect payments out of income received for the rendered communication and information services, to the account of the Ministry of the Russian Federation for Communications and Information, pursuant to the standards established under Decree No. 380 of the Government of the Russian Federation of April 28, 2000.

Transfer of cash funds shall be effected on a monthly basis subject to the actual income received for the communication and information services rendered in the preceding month, no later than the 20th day of the subsequent month. The amount to be transferred shall be confirmed each quarter upon the provision of accounting reports to the tax agencies.

With a view to effecting control over the completeness of cash transfers to the account of the Ministry of the Russian Federation for Communications and Information, the licensee shall, upon written request of the management of the department for control over communications and information in the relevant political subdivision of the Russian Federation, provide the corresponding accounting report form which reflects the income from the provided communications and information services.

This requirement shall be an inalienable part of the license issued earlier."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	Yu.A. Pavlenko
		January 25, 2001
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	B.V. Vorobiev

EXHIBIT 4.8.3

Ministry of the Russian Federation for Communications and Information

Amendment No. 3
to License No. 15130 (registration series A 014207)
dated June 13, 2000

Section "Services to be rendered as of (no later than)" on the title page shall be read as follows:

"August 15, 2001"

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	Yu.A. Pavlenko
		July 05, 2001
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	N.M. Popov

Filename: d56093_ex484.htm
Type: EX-4.8.4
Comment/Description: Amendment No. 4 to License No. 15130
(this header is not part of the document)

EXHIBIT 4.8.4

Ministry of the Russian Federation for Communications and Information

Amendment No. 4
to License No. 15130 (registration series A 014207)
dated June 13, 2000

To add the following additional paragraph to clause 1 of the Conditions For Carrying Out Activities Under License No. 15130:

"Under this License, the Licensee may provide cellular radiotelephone communications services in GSM 900/1800 dual band network and install necessary equipment to operate in the frequencies allocated in the 1800 and 900 MHz band in the license area in accordance with the established procedure."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	Yu.A. Pavlenko
		January 18, 2002
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	N.M. Popov

EXHIBIT 4.8.5

Ministry of the Russian Federation for Communications and Information

Amendment No. 5
to License No. 15130 (registration series A 014207)
dated June 13, 2000

Legal address on the title page of the License shall read as follows:

"460021, Orenburg, proezd Znamenskiy, 9a."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	A.N. Kiselyov
		August 26, 2002
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	V.N. Ugrioumova

Filename: d56093_ex4-9.htm
Type: EX-4.9
Comment/Description: License No. 5331
(this header is not part of the document)

EXHIBIT 4.9

A 002761

**MINISTRY OF THE RUSSIAN FEDERATION
FOR COMMUNICATIONS**

LICENSE
No. 5331

In accordance with the Laws on Communications in the Russian Federation the Ministry of the Russian Federation for Communications hereby permits

Closed Joint Stock Company "EXTEL"

to engage in the communications activities

Legal Address:

236010, Kaliningrad, Kutuzova street, 27

Type of Operations:

provision of cellular radiotelephone communication services within the 900 MHz band

Conditions for carrying out this type of activity and the territory are set forth in the attachment which is an integral part hereof

Term of validity of the License: until August 01, 2006

Services to be rendered as of (no later than): March 01, 1997

Date of registration of the License in the Unified Register of Communications Licenses: November 04, 1996

First Deputy Federal Minister of the Russian Federation for Communications **[Signature]** **A. E. Krupnov**
[Seal]

Ministry of the Russian Federation for Communications

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 5331

1. CJSC "EXTEL" (the Licensee) is hereby authorized to provide cellular radio-telephone communications services of the public communication network using the GSM band equipment within the 900 Mhz (SPS-900) frequency band on the territory of Kaliningrad oblast.

The cellular communication services shall be provided with the use of the Licensee's communication network which shall exist as a part of the Russian Federation unified SPS-900 cellular communication network.

The Licensee shall participate in the efforts of the body empowered by the Ministry of the Russian Federation for Communications to coordinate work on the creation of a unified SPS-900 communication network.

2. The installed capacity of the network and the percentage of territory covered, provided that sufficient frequency resources are allocated under the project, must constitute as of December 31 of each year, respectively, not less than:

1996	-	1,500 numbers -	10%
1997	-	2,000 numbers -	20%
1998	-	3,714 numbers -	30%
1999	-	6,000 numbers -	50%
2001	-	19,269 numbers -	95%

3. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

Refusal to provide the services may be caused by circumstances under which:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes, receives communication services through unlawful methods, operates equipment provided in violation of the rules of technical operation, or utilizes uncertified equipment.

Ministry of the Russian Federation for Communications

Refusal in each specific case must have a basis.

4. Each subscriber of the unified SPS-900 network shall have an opportunity to use the SPS-900 network created by the Licensee irrespective of the place of subscriber's registration and the place where subscriber's equipment has been acquired.

5. The SPS-900 network must provide for outgoing and incoming connections between SPS-900 subscribers and subscribers of the public communications network of the Russian Federation.

6. Any activities of the Licensee related to the interconnection of its SPS-900 network with foreign cellular communication GSM networks shall be approved by the Ministry of the Russian Federation for Communications or any body authorized thereby.

7. The Licensee shall observe the existing ETSI standards and the corresponding rules and regulations of the Russian Federation.

Structural principles and operational capacities of the SPS-900 communication network must conform to international recommendations related to organization of such networks.

The Licensee's network shall interact with similar networks of the Russian Federation pursuant to the general organizational scheme of the unified SPS-900 cellular network of the Russian Federation approved by the Ministry of the Russian Federation for Communications.

8. SPS-900 network created by the Licensee shall be connected to the public communication network of the Russian Federation at the intra-zonal or long-distance level pursuant to the General Scheme of the unified SPS-900 cellular network of the Russian Federation, subject to the technical conditions issued by OJSC Elektrosvyaz of Kaliningrad region or OJSC Rostelecom, respectively.

Long distance and international communication services to the Licensee's network subscribers shall be rendered only through the public communications network of the Russian Federation.

9. The numbering in the Licensee's communication network must conform to the numbering plan of the public communications GSM network of the Russian Federation and the international GSM numbering plan.

10. Subscriber cards required to identify the subscribers and effect settlements for the provided services of the unified SPS-900 cellular communication network of the Russian Federation shall be issued pursuant to a standard format to be approved by the Ministry of the Russian Federation for Communications or any body authorized thereby.

Ministry of the Russian Federation for Communications

11. The Licensee's SPS-900 network shall be designed and constructed so that the percentage of failures in the SPS-900 network per hour of maximum traffic shall not exceed 5%.

12. The Licensee shall provide the users with communication services the quality of which corresponds to standards, technical norms, certificates and terms of agreements for provision of communication services.

13. The Licensee shall be liable to users for non-fulfillment or unsatisfactory fulfillment of its obligations in the order and to the extent provided by applicable legislation of the Russian Federation.

14. The Licensee shall be obligated to provide mobile cellular communications services on a daily basis, 24 hours a day, except breaks for carrying out necessary repair and maintenance works, which shall be scheduled for a time when the same cause the least harm to users.

15. The Licensee shall be obligated to create an information service and publish a directory of subscribers of the network.

16. The network shall be created only upon availability of the design documentation worked out in accordance with the Construction Norms and Rules and Departmental Norms of Technological Designing (SNiP, VNTP) applicable in the Russian Federation and agreed pursuant to the established procedure.

17. The Licensee shall be obliged to meet requirements of the Ministry of the Russian Federation for Communications regarding the procedures for traffic passing and services.

In cases stipulated by legislation of the Russian Federation the centralized coordination of the Licensee's communications networks shall be carried out directly by the Ministry of the Russian Federation for Communications.

18. Expenses relating to the Licensee's communications network design and construction, its connection to the public communications network of the Russian Federation, and approval of the conditions of electromagnetic compatibility of the utilized radio equipment with the existing radio devices and settlements with the public communications network operators of the Russian Federation and other SPS-900 network operators, as well as development and issuance of regulatory documents, shall be borne by the Licensee.

Ministry of the Russian Federation for Communications

19. Mutual traffic settlements with public communications network operators shall be performed by the Licensee in accordance with the procedure established for the public communications network of the Russian Federation by the Ministry of the Russian Federation for Communications.

20. The tariffs for communications services shall be established on the contractual basis.

In cases stipulated by the legislation of the Russian Federation tariffs for specific types of communications services provided by communications enterprises, may be regulated by the State.

Calls to emergency services (fire brigades, police, ambulance, gas emergency services, mining rescue service, and others) must be provided free-of-charge to all individuals and legal entities.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications companies. Disputes on such matters shall be resolved by the court or arbitration tribunal.

Subscribers shall not be charged for any calls if actual connection was not established.

21. The Licensee will make a gratuitous and non-refundable contribution, specially designated for the development of the public communication network of the Russian Federation.

The form, amount, terms and procedure for making the contribution shall be established by the Ministry of the Russian Federation for Communications and shall be fixed by the conditions to enactment of license making an inalienable part hereof.

22. Specific categories of state officials, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunication facilities in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officials and individuals entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

23. The Licensee must provide official telecommunications free-of-charge pursuant to the procedure established by the Ministry of the Russian Federation for Communications.

Ministry of the Russian Federation for Communications

24. Should any acts of God, quarantines or other emergency situations arise which are provided for by the legislation of the Russian Federation, the authorized state bodies shall have the right of priority utilization and suspension of operation of networks and communication devices of the Licenses.

25. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law enforcement in the Russian Federation, as well as for messages on major accidents, catastrophes, epidemics, epizootic and acts of God.

26. At the request of the Ministry of the Russian Federation for Communications, the Licensee shall provide information on the technical condition and development prospects of the network, conditions for the provision of telecommunication services and existing tariffs.

27. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted through the communication network of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Any tapping of telephone conversations, review of electronic communication messages, receipt of any information thereon or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

28. During development, establishment and operation of the communication network, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and allow the criminal investigation agencies to carry out such investigations using the communication network, and shall take actions to prevent disclosure of any organizational and tactic methods of such activities.

Should communication devices be used for criminal purposes harmful to the interests of individuals, society and the state, operation of the networks and communications equipment of the Licensee may be suspended by the authorized state bodies in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation “On Criminal Investigation Activities in the Russian Federation” are met.

29. The Licensee shall be obliged to take measures to prevent any unauthorized interference with management of the network and any unauthorized control over its operation.

Ministry of the Russian Federation for Communications

30. At the request of the Ministry of the Russian Federation for Communications, the Licensee shall allow to carry out tests of the equipment using its network, unless it affects its operations.

31. The commencement of the provision of communications services shall be permitted, in accordance herewith, only if the Licensee has obtained the permission to use radio frequencies and operate the network, issued by the State Communications Control Service of the Russian Federation

32. Use of technical communications devices shall be permitted provided a compliance certificate from the Ministry of the Russian Federation for Communications has been obtained.

33. The Licensee shall not obstruct any inspections of the technical parameters of the network by the State Communications Control Service of the Russian Federation, and, if necessary, shall give such Service access to its measuring devices to be used for such work.

34. This License shall be governed, construed and performed in accordance with the applicable legislation of the Russian Federation.

35. The Licensee shall operate in accordance with the regulatory acts and applicable legislation of the Russian Federation.

36. The Ministry of the Russian Federation for Communications and Information reserves the right to introduce any amendments to this license due to any changes in the applicable legislation of the Russian Federation.

37. The Licensee shall submit to local statistical agencies and the Ministry of the Russian Federation for Communications and Information periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submission of statistical reports shall result in administrative liability in accordance with the applicable legislation.

38. This License may not be assigned to another person.

39. The License shall be registered within thirty days upon its issuance with the Territorial Department of the State Communications Control Service of the Russian Federation.

Ministry of the Russian Federation for Communications

In case of any change in the mailing address or banking details or the telephone numbers, the Licensee shall within a week inform the Ministry of the Russian Federation for Communications and the Territorial Department of the State Communications Control Service accordingly.

40. License #2253 of July 27, 1995, shall cease force and effect upon registration hereof.

First Deputy Federal Minister of the Russian Federation on Communications	[Signature]	A. E. Krupnov
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	N. M. Popov

Ministry of the Russian Federation for Communications

Conditions to Enactment of License 5331

1. The Licensee shall make a gratuitous non-refundable contribution intended for development of public communications networks of the Russian Federation.

2. The gratuitous and non-refundable contribution shall be used towards development of networks and public communication network facilities, necessary for the maintenance of outgoing and incoming traffic (local, long distance and international), created by the cellular mobile communications network (SPS-900).

3. The gratuitous and non-refundable contribution shall be determined as the Ruble equivalent of US$ 2,718,300 (two million seven hundred and eighteen thousand three hundred US Dollars) calculated at the exchange rate quoted by the Central Bank of the Russian Federation as at the date of payment.

4. The gratuitous and non-refundable contribution shall be made within the term of the license as special-purpose contributions pursuant to a decision of the Board of Directors of the Association of the GSM-900 Federal Cellular Network Operators and shall be used for special-purpose programs of development of the Russian Federation unified SPS-900 cellular communication network, approved by the Ministry of the Russian Federation for Communications.

These conditions shall constitute an integral part of License # 5331.

First Deputy Federal Minister
for Communications [Signature] **A. Ye. Krupnov**

EXHIBIT 4.9.1

Amendment No. 1
to License No. 5331 (registration series A 002190)
dated November 04, 1996

To add an additional clause to the Conditions for Carrying Out Activities Under License No. 5331 to read as follows:

"Additional connection of the Licensee's cellular communications network to the public communication network at the local level pursuant to the technical conditions issued by OJSC Elektrosvyaz of Kaliningrad region is permitted by May 15, 2000".

Deputy Federal Minister of Communications [Signature] **N. S. Marder**

May 15, 1997

Head of the Department of the Organization of Licensing Activity [Signature] [Seal] **N. M. Popov**

EXHIBIT 4.9.2

Amendment No. 2
to License No. 5331 (registration series A 002190)
dated November 04, 1996

Section "Services to be rendered as of (no later than)" shall read as "February 01, 1998".

First Deputy Chairman of the State Committee on Communications and Information of the Russian Federation	[Signature]	**N. S. Marder**
		October 17, 1997
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	**N. M. Popov**

EXHIBIT 4.9.3

Amendment No. 3
to License No. 5331 (registration series A 002190)
dated November 04, 1996

To add an additional clause to the Conditions for Carrying Out Activities Under License No. 5331 to read as follows:

"Additional connection of the Licensee's cellular communications network to the public communication network at the intra-zonal level pursuant to the technical conditions issued by CJSC VestBaltTelecom to throughput the intra-zonal load between the GSM-900 cellular network and the public communications network of Kaliningrad region, is permitted by March 01, 1999".

First Deputy Chairman of the State Committee on Communications and Information of the Russian Federation [Signature] **N. S. Marder**

April 03, 1998

Head of the Department of the Organization of Licensing Activity [Signature] [Seal] **N. M. Popov**

EXHIBIT 4.9.4

Amendment No. 4
to License No. 5331 (registration series A 002761)
dated November 04, 1996

To add an additional clause to the Conditions for Carrying Out Activities Under License No. 5331 to read as follows:

"The Licensee shall allow the subscribers of the GSM-900 cellular network deployed in the Republic of Belarus to use the services of SPS-900 network created by the Licensee. Interaction of the newly-created network with the GSM-900 network of the Republic of Belarus shall be effected by the Licensee pursuant to the requirements of the Administration of Communications of the Russian Federation".

First Deputy Chairman of the State Committee on Communications and Information of the Russian Federation	[Signature]	**N. S. Marder**
		June 05, 1998
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	**N. M. Popov**

Filename: d56093_ex4-10.htm
Type: EX-4.10
Comment/Description: License No. 6038
(this header is not part of the document)

EXHIBIT 4.10

**MINISTRY OF THE RUSSIAN FEDERATION
FOR COMMUNICATIONS**

LICENSE
A 002831 **No. 6038**

The Ministry of the Russian Federation for Communications in accordance with the Law on Communications in the Russian Federation hereby permits

Closed Joint Stock Company "StavTeleSot"

to engage in communications activities

Legal Address:

355000, Stavropol, Prospekt Oktyabrskoy Revolutsii, 10/12

Type of Operations:

provision of cellular radiotelephone communication services within the 900 MHz band

Conditions for carrying out this type of activity and the territory are set forth in the attachment which is an integral part hereof

Term of validity of the License: until March 7, 2007

Services to be rendered as of (no later than): March 7, 1998

Date of registration of the License in the Unified Register of Communications Licenses: March 7, 1997

**First Deputy
Federal Minister for
Communications**

**[Signature]
[Seal]** **A.Ye. Krupnov**

Ministry of the Russian Federation for Communications

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 6038

1. CJSC "StavTeleSot" (the Licensee) is hereby authorized to provide cellular radio-telephone communications services of the public communication network within the 900 MHz (SPS-900) frequency band on the territory of Stavropol Krai.

The cellular communication services shall be provided with the use of the Licensee's communication network which shall exist as a part of the Russian Federation unified SPS-900 cellular communication network.

The Licensee shall participate in the efforts of the body empowered by the Ministry of the Russian Federation for Communications to coordinate work on the creation of a unified SPS-900 communication network.

2. The installed capacity of the network and the percentage of territory covered, provided that sufficient frequency resources are allocated under the project, must constitute as of December 31 of each year, respectively, not less than:

1998	-	3000 numbers	-	10%
2000	-	10 000 numbers	-	60%
2003	-	20 000 numbers	-	80%
2007	-	40 000 numbers	-	90%.

3. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

Refusal to provide the services may be caused by circumstances under which:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes, receives communication services through unlawful methods, operates equipment provided in violation of the rules of technical operation, or utilizes uncertified equipment.

Refusal in each specific case must have a basis.

Ministry of the Russian Federation for Communications

4. Each subscriber of the unified SPS-900 network shall have an opportunity to use the SPS-900 network created by the Licensee irrespective of the place of subscriber's registration and the place where subscriber's equipment has been acquired.

5. The SPS-900 network must provide for outgoing and incoming connections between SPS-900 subscribers and subscribers of the public communications network of the Russian Federation.

6. Any activities of the Licensee related to the interconnection of its SPS-900 network with foreign cellular communication GSM networks shall be approved by the Ministry of the Russian Federation for Communications or any body authorized thereby.

7. The Licensee shall observe the existing ETSI standards and the corresponding rules and regulations of the Russian Federation.

Structural principles and operational capacities of the SPS-900 communication network must conform to international recommendations related to organization of such networks.

The Licensee's network shall interact with similar networks of the Russian Federation pursuant to the general organizational scheme of the SPS-900 cellular network of the Russian Federation approved by the Ministry of the Russian Federation for Communications.

8. SPS-900 network created by the Licensee shall be connected to the public communication network of the Russian Federation at the intraband or long-distance level pursuant to the General Scheme of the unified SPS cellular network of the Russian Federation, subject to the technical conditions issued by OJSC Elektrosvyaz of the Stavropol Krai and OJSC Rostelecom, respectively.

Long distance and international communication services to the Licensee's network subscribers shall be rendered only through the public communications network of the Russian Federation.

9. The numbering in the Licensee's communication network must conform to the numbering plan of the public communications GSM network of the Russian Federation and the international GSM numbering plan.

10. Subscriber cards required to identify the subscribers and effect settlements for the provided services of the unified SPS-900 cellular communication network of the Russian Federation shall be issued pursuant to a standard format to be approved by the Ministry of the Russian Federation for Communications or any body authorized thereby.

Ministry of the Russian Federation for Communications

11. The Licensee's SPS-900 network shall be designed and constructed so that the percentage of failures in the SPS-900 network per hour of maximum traffic shall not exceed 5%.

12. The Licensee shall provide the users with communication services the quality of which corresponds to standards, technical norms, certificates and terms of agreements for provision of communication services.

13. The Licensee shall be liable to users for non-fulfillment or unsatisfactory fulfillment of its obligations in the order and to the extent provided by applicable legislation of the Russian Federation.

14. The Licensee shall be obligated to provide mobile cellular communications services on a daily basis, 24 hours a day, except breaks for carrying out necessary repair and maintenance works, which shall be scheduled for a time when the same cause the least harm to users.

15. The Licensee shall be obligated to create an information service and publish a directory of network subscribers.

16. The network shall be created only upon availability of the design documentation worked out in accordance with the Construction Norms and Rules and the Departmental Norms of Technological Designing (SNiP, VNTP) applicable in the Russian Federation and agreed pursuant to the established procedure.

17. The Licensee shall be obliged to meet requirements of the Ministry of the Russian Federation for Communications regarding the procedures for traffic passing and services.

In cases stipulated by legislation of the Russian Federation the centralized coordination of the Licensee's communications networks shall be carried out directly by the Ministry of the Russian Federation for Communications.

18. Expenses relating to the Licensee's communications network design and construction, its connection to the public communications network of the Russian Federation, and approval of the conditions of electromagnetic compatibility of the utilized radio equipment with the existing radio devices and settlements with the public communications network operators of the Russian Federation and other SPS-900 network operators, as well as development and issuance of regulatory documents, shall be borne by the Licensee.

19. Mutual traffic settlements with public communications network operators shall be performed by the Licensee in accordance with the procedure established for the public communications network of the Russian Federation.

20. The tariffs for communications services shall be established on the contractual basis.

Ministry of the Russian Federation for Communications

In cases stipulated by the legislation of the Russian Federation tariffs for specific types of communications services provided by communications enterprises may be regulated by the State.

Calls to emergency services (fire brigades, police, ambulance, gas emergency services, mining rescue service, and others) must be provided free-of-charge to all individuals and legal entities.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications companies. Disputes on such matters shall be resolved by the court or arbitration tribunal.

Subscribers shall not be charged for any calls if actual connection was not established.

21. The Licensee shall make a gratuitous non-refundable contribution intended for development of public communications networks of the Russian Federation.

The type, amount, time and procedure of making such contribution shall be determined by the licensor and reflected in the conditions to the enactment of the license constituting an integral part hereof.

22. Specific categories of public officials, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunications facilities in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officers and individuals entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

23. The Licensee must provide official telecommunications free-of-charge pursuant to the procedure established by the Ministry of the Russian Federation for Communications.

24. Should any acts of God, quarantines or other emergency situations arise which are provided for by the legislation of the Russian Federation, the authorized state bodies shall have the right of priority utilization and suspension of operation of networks and communication devices of the Licensee.

Ministry of the Russian Federation for Communications

25. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law enforcement in the Russian Federation, as well as for messages on major accidents, catastrophes, epidemics, epizootic and acts of God.

26. At the request of the Ministry of the Russian Federation for Communications, the Licensee shall provide information on the technical condition and development prospects of the network, conditions for the provision of telecommunication services and existing tariffs.

27. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted through the communication network of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Any tapping of telephone conversations, review of electronic communication messages, receipt of any information thereon or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

28. During development, establishment and operation of the communication network, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and allow the criminal investigation agencies to carry out such investigations using the communication network, and shall take actions to prevent disclosure of any organizational and tactic methods of such activities.

Should communication devices be used for criminal purposes harmful to the interests of individuals, society and the state, operation of the networks and communications equipment of the Licensee may be suspended by the authorized state bodies in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation “On Criminal Investigation Activities in the Russian Federation” are met.

29. The Licensee shall take measures to prevent any unauthorized interference with management of the network and any unauthorized control over its operation.

30. At the request of the Ministry of the Russian Federation for Communications, the Licensee shall allow to carry out tests of the equipment using its network, unless it affects its operations.

31. The commencement of the provision of communications services shall be permitted, in accordance herewith, only if the Licensee has obtained the permission to use radio frequencies and operate the network, issued by the State Communications Control Service of the Russian Federation

Ministry of the Russian Federation for Communications

32. Use of technical communications devices shall be permitted provided a compliance certificate from the Ministry of the Russian Federation for Communications has been obtained.

33. The Licensee shall not obstruct any inspections of the technical parameters of the network by the State Communications Control Service of the Russian Federation, and, if necessary, shall give such Service access to its measuring devices to be used for such work.

34. This License shall be governed, construed and performed in accordance with the applicable legislation of the Russian Federation.

35. The Licensee shall operate in accordance with the regulatory acts and applicable legislation of the Russian Federation.

36. The Ministry of the Russian Federation for Communications reserves the right to introduce any amendments to this license due to any changes in the applicable legislation of the Russian Federation.

37. The Licensee shall submit to local statistical agencies and the Ministry of the Russian Federation for Communications periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submission of statistical reports shall result in administrative liability in accordance with the applicable legislation.

38. This License may not be assigned to another person.

39. The License shall be registered within 30 days upon its issuance with the Territorial Department of the State Communications Control Service of the Russian Federation.

In case of any change in the mailing address or banking details or the telephone numbers, the Licensee shall inform the Ministry of the Russian Federation for Communications and the Territorial Department of the State Communications Control Service accordingly within one week.

First Deputy Federal Minister for Communications	[Signature]	A. Ye. Krupnov
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	N. M. Popov

Ministry of the Russian Federation for Communications

Conditions to Enactment of License 6038

1. The Licensee shall make a gratuitous non-refundable contribution intended for development of public communications networks of the Russian Federation.

2. The gratuitous and non-refundable contribution shall be used towards development of networks and public communication network facilities, necessary for the maintenance of outgoing and incoming traffic (local, long distance and international), created by the cellular mobile communications network (SPS-900).

3. The gratuitous and non-refundable contribution shall be determined as the Ruble equivalent of US$ 7.953.000 (seven million nine hundred and fifty-three thousand five hundred US Dollars) *(sic)* calculated at the exchange rate quoted by the Central Bank of the Russian Federation as at the date of payment.

4. The gratuitous and non-refundable contribution shall be made within the term of the license as special-purpose contributions pursuant to a decision of the Board of Directors of the Association of the GSM-900 Federal Cellular Network Operators and shall be used for special-purpose programs of development of the Russian Federation unified SPS-900 cellular communication network, approved by the Ministry of the Russian Federation for Communications.

These conditions shall constitute an integral part of License # 6038.

First Deputy Federal Minister
for Communications [Signature] **A. Ye. Krupnov**

Filename: d56093_ex4-101.htm
Type: EX-4.10.1
Comment/Description: Amendment No. 1 to License No. 6038
(this header is not part of the document)

EXHIBIT 4.10.1

Amendment No. 1
to License No. 6038 (registration series A 002831)
dated March 7, 1997

To add an additional clause to the Conditions for Carrying Out Activities Under License No. 6038 to read as follows:

"Additional connection of the Licensee's cellular communications network to the public communication network of the Russian Federation at the long-distance level pursuant to the technical conditions issued by OJSC Elektrosvyaz of Stavropol Krai is permitted by October 17, 1998".

First Deputy Chairman of the State Committee on Communications and Information of the Russian Federation	[Signature]	**N. S. Marder**
		October 17, 1997
Head of the Department of the Organization |of Licensing Activity	[Signature] [Seal]	**N. M. Popov**

EXHIBIT 4.10.2

Amendment No. 2
to License No. 6038 (registration series A 002831)
dated March 7, 1997

To add an additional clause to the Conditions for Carrying Out Activities Under License No. 6038 to read as follows:

"The Licensee shall allow the subscribers of the GSM-900 cellular network deployed in the Republic of Belarus to use the services of SPS-900 network created by the Licensee. Interaction of the newly-created network with the GSM-900 network of the Republic of Belarus shall be effected by the Licensee pursuant to the requirements of the Administration of Communications of the Russian Federation".

First Deputy Chairman of the State Committee on Communications and Information of the Russian Federation [Signature] **N. S. Marder**

June 05, 1998

Head of the Department of the Organization of Licensing Activity [Signature] [Seal] **N. M. Popov**

EXHIBIT 4.10.3

Amendment No. 3
to License No. 6038 (registration series A 002831)
dated March 7, 1997

To add an additional clause to the Conditions for Carrying Out Activities Under License No. 6038 to read as follows:

"Additional connection of the Licensee's cellular communications network to the public communication network of the Russian Federation at the long-distance level pursuant to the technical conditions issued by OJSC Elektrosvyaz of Stavropol Krai is permitted by October 23, 1999".

First Deputy Chairman of the State Committee on Communications and Information of the Russian Federation [Signature] **N. S. Marder**

October 23, 1998

Head of the Department of the Organization of Licensing Activity [Signature] [Seal] **N. M. Popov**

EXHIBIT 4.10.4

Amendment No. 4
to License No. 6038 (registration series A 002831)
dated March 7, 1997

To add an additional clause to the Conditions for Carrying Out Activities Under License No. 6038 to read as follows:

"Additional connection of the Licensee's cellular communications network to the public communication network of the Russian Federation at the long-distance level pursuant to the technical conditions issued by OJSC Elektrosvyaz of Stavropol Krai is permitted by May 11, 2000".

First Deputy Chairman
of the State Committee
on Telecommunications of the Russian
Federation [Signature] **N. S. Marder**

November 11, 1999

Head of the Department
of the Organization
of Licensing Activity [Signature] **V.N. Ugryumova**
[Seal]

EXHIBIT 4.10.5

Ministry of the Russian Federation for Communications and Information

Amendment No. 5
to License No. 6038 (registration series A 002831)
dated March 7, 1997

Clause 8 of the "Conditions for Carrying out the Activities Under License No. 6038" shall read as follows:

"8. The Licensee's SPS-900 network shall be connected to the public communications network of the Russian Federation at the long-distance level pursuant to the General Scheme of Creation and Stage-by-Stage Development of the Federal GSM Mobile Cellular Communication Network of the Russian Federation, subject to the technical conditions issued by OJSC Elektrosvyaz of Stavropol Krai, OJSC Rostelecom or CJSC MTT, respectively.

The Licensee's communication network may be additionally connected to the public communication network of the Russian Federation at the local level to ensure technical capacity for handling local traffic and rendering to subscribers of additional call-forwarding service from the local telephone network.

Additional connection of the Licensee's network with the public communication network of the Russian Federation at the local level is allowed only if the networks are connected at the long-distance level.

Long-distance and international communication services to the Licensee's network subscribers shall be rendered only through the public communications network of the Russian Federation.

The Licensee shall have the right to use communications channels and physical chains of the public communications network of the Russian Federation at the rates effective for a particular category of users."

First Deputy Minister
of the Russian Federation for
Communications and Information [Signature] **Yu.A. Pavlenko**

July 20, 2000

Head of the Department
of the Organization
of Licensing Activity [Signature] **N.M. Popov**
[Seal]

EXHIBIT 4.10.6

Ministry of the Russian Federation for Communications and Information

Amendment No. 6
to License No. 6038 (registration series A 002831)
dated March 7, 1997

To add an additional clause to the Conditions For Carrying Out Activities Under License No. 6038:

"The Licensee shall effect payments out of income received for the rendered communication and information services, to the account of the Ministry of the Russian Federation for Communications and Information, pursuant to the standards established under Decree No. 380 of the Government of the Russian Federation of April 28, 2000.

Transfer of cash funds shall be effected on a monthly basis subject to the actual income received for the communication and information services rendered in the preceding month, no later than the 20th day of the subsequent month. The amount to be transferred shall be confirmed each quarter upon the provision of accounting reports to the tax agencies.

With a view to effecting control over the completeness of cash transfers to the account of the Ministry of the Russian Federation for Communications and Information, the licensee shall, upon written request of the management of the department for control over communications and information in the relevant political subdivision of the Russian Federation, provide the corresponding accounting report form which reflects the income from the provided communications and information services.

This requirement shall be an inalienable part of the license issued earlier."

First Deputy Minister
of the Russian Federation for
Communications and Information [Signature] **Yu.A. Pavlenko**

January 25, 2001

Head of the Department
of the Organization
of Licensing Activity [Signature] **B.V. Vorobiev**
[Seal]

EXHIBIT 4.10.7

Ministry of the Russian Federation for Communications and Information

Amendment No. 7
to License No. 6038 (registration series A 002831)
dated March 7, 1997

To add the following additional paragraph to clause 1 of the Conditions For Carrying Out Activities Under License No. 6038:

"Under this License, the Licensee may provide cellular radiotelephone communications services in GSM 900/1800 dual band network and install necessary equipment to operate in the frequencies allocated in the 1800 and 900 MHz band in the license area in accordance with the established procedure."

First Deputy Minister
of the Russian Federation for
Communications and Information [Signature] **Yu.A. Pavlenko**

December 12, 2001

Head of the Department
of the Organization
of Licensing Activity [Signature] **N.M. Popov**
[Seal]

Filename: d56093_ex4-11.htm
Type: EX-4.11
Comment/Description: License No. 14481
(this header is not part of the document)

EXHIBIT 4.11

MINISTRY OF THE RUSSIAN FEDERATION
FOR COMMUNICATIONS AND INFORMATION

LICENSE

A 013505 **No. 14481**

In accordance with the applicable laws of the Russian Federation
this permission is given to

Closed Joint Stock Company
"Kabardino-Balkarsky GSM"

Legal Address:

360051, Nalchik, Schogentzukova street, 14

Type of Operations:

provision of cellular radiotelephone communication services
within the 900 MHz band

Conditions for carrying out this type of activity and the territory
are set forth in the attachment which is an integral part hereof

Term of validity of the License: until March 17, 2010

Services to be rendered as of
(no later than): March 17, 2001

Date of registration of the License
in the Unified Register of
Communications Licenses: March 17, 2000

First Deputy
Minister of the Russian
Federation for
Communications and Information **[Signature]** **Yu.A. Pavlenko**
[Seal]

Ministry of the Russian Federation for Communications and Information

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 14481

1. CJSC "Kabardino-Balkarsky GSM" (the Licensee) is hereby authorized to provide cellular radio-telephone communications services of the public communication network within the 900 Mhz (SPS-900) frequency band on the territory of Kabardino-Balkarsky Republic.

The cellular communication services shall be provided with the use of the Licensee's communication network which shall exist as a part of the Russian Federation unified SPS-900 cellular communication network.

The Licensee shall participate in the efforts of the body empowered by the Ministry of the Russian Federation for Communications and Information to coordinate work on the creation of a unified SPS-900 communication network.

2. The installed capacity of the network and the percentage of territory covered, provided that sufficient frequency resources are allocated under the project, must constitute as of December 31 of each year, respectively, not less than:

2001	-	500 numbers -	5%
2002	-	1,300 numbers -	10%
2004	-	3,000 numbers -	30%
2009	-	5,000 numbers -	60%

The percentage of territorial coverage may be adjusted in the process of fulfillment of the terms of this License.

3. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

Refusal to provide the services may be caused by circumstances under which:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes, receives communication services through unlawful methods, operates equipment provided in violation of the rules of technical operation, or utilizes uncertified equipment.

Ministry of the Russian Federation for Communications and Information

Refusal in each specific case must have a basis.

4. Each subscriber of the unified SPS-900 network shall have an opportunity to use the SPS-900 network created by the Licensee irrespective of the place of subscriber's registration and the place where subscriber's equipment has been acquired.

5. The SPS-900 network must provide for outgoing and incoming connections between SPS-900 subscribers and subscribers of the public communications network of the Russian Federation.

6. Any activities of the Licensee related to the interconnection of its SPS-900 network with foreign cellular communication GSM networks shall be approved by the Ministry of the Russian Federation for Communications and Information or any body authorized thereby.

7. The Licensee shall observe the existing ETSI standards and the corresponding rules and regulations of the Russian Federation.

Structural principles and operational capacities of the SPS-900 communication network must conform to international recommendations related to organization of such networks.

The Licensee's network shall interact with similar networks of the Russian Federation pursuant to the general organizational scheme of the SPS-900 cellular network of the Russian Federation approved by the Administration of Communications of the Russian Federation.

8. SPS-900 network created by the Licensee shall be connected to the public communication network of the Russian Federation at the long-distance level pursuant to the General Scheme of the unified SPS-900 cellular network of the Russian Federation, subject to the technical conditions issued by OJSC Kabardino-Balkarsky Telecommunications and OJSC Rostelecom, respectively.

Long distance and international communication services to the Licensee's network subscribers shall be rendered only through the public communications network of the Russian Federation.

The Licensee shall have the right to use communications channels and physical chains of the public communications network of the Russian Federation at the rates effective for a particular category of users.

Ministry of the Russian Federation for Communications and Information

9. The numbering in the Licensee's communication network must conform to the numbering plan of the public communications GSM network of the Russian Federation and the international GSM numbering plan.

10. Subscriber cards required to identify the subscribers and effect settlements for the provided services of the unified SPS-900 cellular communication network of the Russian Federation shall be issued pursuant to a standard format to be approved by the Ministry of the Russian Federation for Communications and Information or any body authorized thereby.

11. The Licensee's SPS-900 network shall be designed and constructed so that the percentage of failures in the SPS-900 network per hour of maximum traffic shall not exceed 5%.

12. The Licensee shall provide the users with communication services the quality of which corresponds to standards, technical norms, certificates and terms of agreements for provision of communication services.

13. The Licensee shall be liable to users for non-fulfillment or unsatisfactory fulfillment of its obligations in the order and to the extent provided by applicable legislation of the Russian Federation.

14. The Licensee shall be obligated to provide mobile cellular communications services on a daily basis, 24 hours a day, except breaks for carrying out necessary repair and maintenance works, which shall be scheduled for a time when the same cause the least harm to users.

15. The Licensee shall be obligated to create an information service and publish a directory of subscribers of the network.

16. The network shall be created only upon availability of the design documentation worked out in accordance with the Construction Norms and Rules and Departmental Norms of Technological Designing (SNiP, VNTP) applicable in the Russian Federation and agreed pursuant to the established procedure.

17. The Licensee shall be obliged to meet requirements of the Administration of Communications of the Russian Federation regarding the procedures for traffic passing and services.

In cases stipulated by legislation of the Russian Federation the centralized coordination of the Licensee's communications networks shall be carried out directly by the Administration of Communications of the Russian Federation.

Ministry of the Russian Federation for Communications and Information

18. Expenses relating to the Licensee's communications network design and construction, its connection to the public communications network of the Russian Federation, and approval of the conditions of electromagnetic compatibility of the utilized radio equipment with the existing radio devices and settlements with the public communications network operators of the Russian Federation and other SPS-900 network operators, as well as development and issuance of regulatory documents, shall be borne by the Licensee.

19. Mutual traffic settlements with public communications network operators shall be performed by the Licensee in accordance with the procedure established for the public communications network of the Russian Federation.

20. The tariffs for communications services shall be established on the contractual basis.

In cases stipulated by the legislation of the Russian Federation tariffs for specific types of communications services provided by communications enterprises, may be regulated by the State.

Calls to emergency services (fire brigades, police, ambulance, gas emergency services, mining rescue service, and others) must be provided free-of-charge to all individuals and legal entities.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications companies. Disputes on such matters shall be resolved by the court or arbitration tribunal.

Subscribers shall not be charged for any calls if actual connection was not established.

21. Specific categories of state officials, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunication facilities in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officials and individuals entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

22. The Licensee must provide official telecommunications free-of-charge pursuant to the procedure established by the Ministry of the Russian Federation for Communications and Information.

23. Should any acts of God, quarantines or other emergency situations arise which are provided for by the legislation of the Russian Federation, the authorized state bodies shall have the right of priority utilization and suspension of operation of networks and communication devices of the Licenses.

Ministry of the Russian Federation for Communications and Information

24. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law enforcement in the Russian Federation, as well as for messages on major accidents, catastrophes, epidemics, epizootic and acts of God.

25. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall provide information on the technical condition and development prospects of the network, conditions for the provision of telecommunication services and existing tariffs.

26. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted through the communication network of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Any tapping of telephone conversations, review of electronic communication messages, receipt of any information thereon or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

27. During development, establishment and operation of the communication network, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and allow the criminal investigation agencies to carry out such investigations using the communication network, and shall take actions to prevent disclosure of any organizational and tactic methods of such activities.

Should communication devices be used for criminal purposes harmful to the interests of individuals, society and the state, operation of the networks and communications equipment of the Licensee may be suspended by the authorized state bodies in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation “On Criminal Investigation Activities in the Russian Federation” are met.

28. The Licensee shall be obliged to take measures to prevent any unauthorized interference with management of the network and any unauthorized control over its operation.

Ministry of the Russian Federation for Communications and Information

29. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall allow to carry out tests of the equipment using its network, unless it affects its operations.

30. The commencement of the provision of communications services shall be permitted, in accordance herewith, only if the Licensee has obtained the permission to use radio frequencies and operate the network, issued by the State Communications Control Service of the Russian Federation

31. Use of technical communications devices shall be permitted provided a compliance certificate from the Ministry of the Russian Federation for Communications and Information (Ministry of Communications of the Russian Federation, State Committee of the Russian Federation for Communications and Information, State Committee of the Russian Federation for Telecommunications) has been obtained.

32. The Licensee shall not obstruct any inspections of the technical parameters of the network by the State Communications Control Service of the Russian Federation, and, if necessary, shall give such Service access to its measuring devices to be used for such work.

33. This License shall be governed, construed and performed in accordance with the applicable legislation of the Russian Federation.

34. The Licensee shall operate in accordance with the regulatory acts and applicable legislation of the Russian Federation.

35. The Licensee shall allow the subscribers of the GSM-900 cellular network deployed in the Republic of Belarus to use the services of SPS-900 network created by the Licensee. Interaction of the newly-created network with the GSM-900 network of the Republic of Belarus shall be effected by the Licensee pursuant to the requirements of the Administration of Communications of the Russian Federation.

36. The Ministry of the Russian Federation for Communications and Information reserves the right to introduce any amendments to this license due to any changes in the applicable legislation of the Russian Federation.

37. The Licensee shall submit to local statistical agencies and the Ministry of the Russian Federation for Communications and Information periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submission of statistical reports shall result in administrative liability in accordance with the applicable legislation.

38. This License may not be assigned to another person.

Ministry of the Russian Federation for Communications and Information

39. The License shall be registered within thirty days upon its issuance with the Territorial Department of the State Communications Control Service of the Russian Federation.

In case of any change in the mailing address or banking details or the telephone numbers, the Licensee shall inform the Ministry of the Russian Federation for Communications and Information and the Territorial Department of the State Communications Control Service accordingly.

First Deputy Minister of the Russian Federation on Communications and Information	[Signature]	Yu.A. Pavlenko
Deputy Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	V.N Ugrioumova

Filename: d56093_ex4-12.htm
Type: EX-4.12
Comment/Description: License No. 15001
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EXHIBIT 4.12

MINISTRY OF THE RUSSIAN FEDERATION
FOR COMMUNICATIONS AND INFORMATION

LICENSE
A 014070 **No. 15001**

In accordance with the applicable laws of the Russian Federation
this permission is given to

Closed Joint Stock Company "Karachaevo-CherkesskTeleSot"

Legal Address:

357100, Cherkessk, Prospekt Lenina, 147

Type of Operations:

provision of cellular radiotelephone communication services within the 900 MHz band

Conditions for carrying out this type of activity and the territory are set forth in the attachment which is an integral part hereof

Term of validity of the License: until March 19, 2010

Services to be rendered as of (no later than): May 19, 2001

Date of registration of the License in the Unified Register of Communications Licenses: May 19, 2000

First Deputy Minister of the Russian Federation for Communications and Information **[Signature]** **Yu.A. Pavlenko**
[Seal]

Ministry of the Russian Federation for Communications and Information

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 15001

1. CJSC "Karachaevo-CherkesskTeleSot" (the Licensee) is hereby authorized to provide cellular radio-telephone communications services of the public communication network within the 900 Mhz (SPS-900) frequency band on the territory of Karachaevo-Cherkessk Republic.

The cellular communication services shall be provided with the use of the Licensee's communication network which shall exist as a part of the Russian Federation unified SPS-900 cellular communication network.

The Licensee shall participate in the efforts of the body empowered by the Ministry of the Russian Federation for Communications and Information to coordinate work on the creation of a unified SPS-900 communication network.

2. The installed capacity of the network and the percentage of territory covered, provided that sufficient frequency resources are allocated under the project, must constitute as of December 31 of each year, respectively, not less than:

2001	-	100 numbers	-	10%
2010	-	40 000 numbers	-	60%

The percentage of territorial coverage may be adjusted in the process of fulfillment of the terms of this License.

3. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

Refusal to provide the services may be caused by circumstances under which:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes, receives communication services through unlawful methods, operates equipment provided in violation of the rules of technical operation, or utilizes uncertified equipment.

Ministry of the Russian Federation for Communications and Information

Refusal in each specific case must have a basis.

4. Each subscriber of the unified SPS-900 network shall have an opportunity to use the SPS-900 network created by the Licensee irrespective of the place of subscriber's registration and the place where subscriber's equipment has been acquired.

5. The SPS-900 network must provide for outgoing and incoming connections between SPS-900 subscribers and subscribers of the public communications network of the Russian Federation.

6. Any activities of the Licensee related to the interconnection of its SPS-900 network with foreign cellular communication GSM networks shall be approved by the Ministry of the Russian Federation for Communications and Information or any body authorized thereby.

7. The Licensee shall observe the existing ETSI standards and the corresponding rules and regulations of the Russian Federation.

Structural principles and operational capacities of the SPS-900 communication network must conform to international recommendations related to organization of such networks.

The Licensee's network shall interact with similar networks of the Russian Federation pursuant to the general organizational scheme of the SPS-900 cellular network of the Russian Federation approved by the Administration of Communications of the Russian Federation.

8. SPS-900 network created by the Licensee shall be connected to the public communication network of the Russian Federation at the long-distance level pursuant to the General Scheme of the unified SPS-900 cellular network of the Russian Federation, subject to the technical conditions issued by OJSC Karachaevo-Cherkessk Telecommunications and OJSC Rostelecom, respectively.

Long distance and international communication services to the Licensee's network subscribers shall be rendered only through the public communications network of the Russian Federation.

The Licensee shall have the right to use communications channels and physical chains of the public communications network of the Russian Federation at the rates effective for a particular category of users.

9. The numbering in the Licensee's communication network must conform to the numbering plan of the public communications GSM network of the Russian Federation and the international GSM numbering plan.

Ministry of the Russian Federation for Communications and Information

10. Subscriber cards required to identify the subscribers and effect settlements for the provided services of the unified SPS-900 cellular communication network of the Russian Federation shall be issued pursuant to a standard format to be approved by the Ministry of the Russian Federation for Communications and Information or any body authorized thereby.

11. The Licensee's SPS-900 network shall be designed and constructed so that the percentage of failures in the SPS-900 network per hour of maximum traffic shall not exceed 5%.

12. The Licensee shall provide the users with communication services the quality of which corresponds to standards, technical norms, certificates and terms of agreements for provision of communication services.

13. The Licensee shall be liable to users for non-fulfillment or unsatisfactory fulfillment of its obligations in the order and to the extent provided by applicable legislation of the Russian Federation.

14. The Licensee shall be obligated to provide mobile cellular communications services on a daily basis, 24 hours a day, except breaks for carrying out necessary repair and maintenance works, which shall be scheduled for a time when the same cause the least harm to users.

15. The Licensee shall be obligated to create an information service and publish a directory of network subscribers.

16. The network shall be created only upon availability of the design documentation worked out in accordance with the Construction Norms and Rules and the Departmental Norms of Technological Designing (SNiP, VNTP) applicable in the Russian Federation and agreed pursuant to the established procedure.

17. The Licensee shall be obliged to meet requirements of the Administration of Communications of the Russian Federation regarding the procedures for traffic passing and services.

In cases stipulated by legislation of the Russian Federation the centralized coordination of the Licensee's communications networks shall be carried out directly by the Administration of Communications of the Russian Federation.

18. Expenses relating to the Licensee's communications network design and construction, its connection to the public communications network of the Russian Federation, and approval of the conditions of electromagnetic compatibility of the utilized radio equipment with the existing radio devices and settlements with the public communications network operators of the Russian Federation and other SPS-900 network operators, as well as development and issuance of regulatory documents, shall be borne by the Licensee.

Ministry of the Russian Federation for Communications and Information

19. Mutual traffic settlements with public communications network operators shall be performed by the Licensee in accordance with the procedure established for the public communications network of the Russian Federation.

20. The tariffs for communications services shall be established on the contractual basis.

In cases stipulated by the legislation of the Russian Federation tariffs for specific types of communications services provided by communications enterprises may be regulated by the State.

Calls to emergency services (fire brigades, police, ambulance, gas emergency services, mining rescue service, and others) must be provided free-of-charge to all individuals and legal entities.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications companies. Disputes on such matters shall be resolved by the court or arbitration tribunal.

Subscribers shall not be charged for any calls if actual connection was not established.

21. Specific categories of public officials, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunications facilities in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officers and individuals entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

22. The Licensee must provide official telecommunications free-of-charge pursuant to the procedure established by the Ministry of the Russian Federation for Communications and Information.

23. Should any acts of God, quarantines or other emergency situations arise which are provided for by the legislation of the Russian Federation, the authorized state bodies shall have the right of priority utilization and suspension of operation of networks and communication devices of the Licenses.

Ministry of the Russian Federation for Communications and Information

24. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law enforcement in the Russian Federation, as well as for messages on major accidents, catastrophes, epidemics, epizootic and acts of God.

25. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall provide information on the technical condition and development prospects of the network, conditions for the provision of telecommunication services and existing tariffs.

26. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted through the communication network of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Any tapping of telephone conversations, review of electronic communication messages, receipt of any information thereon or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

27. During development, establishment and operation of the communication network, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and allow the criminal investigation agencies to carry out such investigations using the communication network, and shall take actions to prevent disclosure of any organizational and tactic methods of such activities.

Should communication devices be used for criminal purposes harmful to the interests of individuals, society and the state, operation of the networks and communications equipment of the Licensee may be suspended by the authorized state bodies in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation “On Criminal Investigation Activities in the Russian Federation” are met.

28. The Licensee shall take measures to prevent any unauthorized interference with management of the network and any unauthorized control over its operation.

29. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall allow to carry out tests of the equipment using its network, unless it affects its operations.

Ministry of the Russian Federation for Communications and Information

30. The commencement of the provision of communications services shall be permitted, in accordance herewith, only if the Licensee has obtained the permission to use radio frequencies and operate the network, issued by the State Communications Control Service of the Russian Federation

31. Use of technical communications devices shall be permitted provided a compliance certificate from the Ministry of the Russian Federation for Communications and Information (Ministry of Communications of the Russian Federation, State Committee of the Russian Federation for Communications and Information, State Committee of the Russian Federation for Telecommunications) has been obtained.

32. The Licensee shall not obstruct any inspections of the technical parameters of the network by the State Communications Control Service of the Russian Federation, and, if necessary, shall give such Service access to its measuring devices to be used for such work.

33. This License shall be governed, construed and performed in accordance with the applicable legislation of the Russian Federation.

34. The Licensee shall operate in accordance with the regulatory acts and applicable legislation of the Russian Federation.

35. The Licensee shall allow the subscribers of the GSM-900 cellular network deployed in the Republic of Belarus to use the services of SPS-900 network created by the Licensee. Interaction of the newly-created network with the GSM-900 network of the Republic of Belarus shall be effected by the Licensee pursuant to the requirements of the Administration of Communications of the Russian Federation.

36. The Ministry of the Russian Federation for Communications and Information reserves the right to introduce any amendments to this license due to any changes in the applicable legislation of the Russian Federation.

37. The Licensee shall submit to local statistical agencies and the Ministry of the Russian Federation for Communications and Information periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submission of statistical reports shall result in administrative liability in accordance with the applicable legislation.

38. This License may not be assigned to another person.

39. The License shall be registered upon its issuance with the state communications control authorities of the Russian Federation.

Ministry of the Russian Federation for Communications and Information

In case of any change in the mailing address or banking details or the telephone numbers, the Licensee shall inform the Ministry of the Russian Federation for Communications and Information and the Territorial Department of the State Communications Control Service accordingly.

First Deputy Minister of the Russian Federation on Communications and Information	[Signature]	Yu.A. Pavlenko
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	N. M. Popov

Filename: d56093_ex4-13.htm
Type: EX-4.13
Comment/Description: License No. 21719
(this header is not part of the document)

EXHIBIT 4.13

MINISTRY OF THE RUSSIAN FEDERATION
FOR COMMUNICATIONS AND INFORMATION

LICENSE
A 021171 **No. 21719**

In accordance with the applicable laws of the Russian Federation this permission is given to

Open Joint Stock Company "Beeline-Samara"

Legal Address:

443090, Samara, Moskovskoye shosse, 77

Type of Operations:

provision of cellular radiotelephone communication services within the 1800 MHz Band

Conditions for carrying out this type of activity and the territory are set forth in the attachment which is an integral part hereof

Term of validity of the License:	until April 17, 2012
Services to be rendered as of (no later than):	October 17, 2003
Date of registration of the License in the Unified Register of Communications Licenses:	April 17, 2002

First Deputy Minister of the Russian Federation for Communications and Information **[Signature]** **Yu.A. Pavlenko**
[Seal]

Ministry of the Russian Federation for Communications and Information

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 21719

1. OJSC "Beeline-Samara" (the Licensee) is hereby authorized to provide cellular radiotelephone communications services of the public communication network using DCS-1800 equipment within the 1800 MHz frequency band (SPS-1800) on the territory of the Samara Region.

The cellular communication services shall be provided with the use of the Licensee's communication network, which shall exist as a part of the Russian Federation unified SPS-1800 communication network.

The Licensee shall participate in the efforts of the body, empowered by the Administration of Communications of the Russian Federation to coordinate work on the creation of a unified SPS-1800 communication network.

2. The installed capacity of the network and the percentage of territory covered hereunder, provided that sufficient frequency resources are allocated, must constitute as of December 31 of each year, respectively, no less than:

2004	-	20,000 numbers	-	30%
2011	-	80,000 numbers	-	70%

3. The Licensee's network shall be connected to the public communications network of the Russian Federation at the long-distance level pursuant to the General Scheme of Creation and Stage-by-Stage Development of the Federal GSM Mobile Cellular Communication Network of the Russian Federation, subject to the technical conditions issued by OJSC Svyazinform of Samara Region, OJSC Rostelecom or CJSC MTT.

The Licensee's communication network may be additionally connected to the public communication network of the Russian Federation at the local level to ensure technical capacity for handling local traffic and rendering to subscribers of additional call-forwarding service from the local telephone network.

Additional connection of the Licensee's network with the public communication network of the Russian Federation at the local level is allowed only if the networks are connected at the long-distance level.

Pending the above referenced scheme the Licensee shall follow the instructions of the Administration of Communications of the Russian Federation.

4. Roaming among SPS-1800 communication networks created within the license area shall be prohibited.

5. Any activities of the Licensee related to the interconnection of its network with foreign cellular communication networks requires approval of the Administration of Communications of the Russian Federation or any body authorized thereby.

Ministry of the Russian Federation for Communications and Information

6. The Licensee shall observe the existing Russian rules and regulations as well as ETSI standards established by the Administration of Communications of the Russian Federation in respect of SPS-1800 communication networks.

Structural principles and operational capacities of the SPS-1800 communication network must conform to international recommendations related to organization of such networks.

7. The Licensee shall use the infrastructure of SPS-900 communication networks on a contractual basis and non-discriminatory principles.

8. The numbering in the Licensee's communication network must conform to the numbering plan of the public communication network of the Russian Federation and the numbering plan requirements of the land-based mobile communication network services.

9. The Licensee's network shall be designed and constructed so that the percentage of failures in the network per hour of maximum traffic shall not exceed 5%.

10. The network shall be created only upon availability of the design documentation worked out in accordance with the General Scheme of Creation and Stage-by-Stage Development of the Federal GSM Mobile Cellular Communication Network of the Russian Federation pursuant to the Construction Norms and Rules and the Departmental Norms of Technological Designing (SNiP, VNTP) applicable in the Russian Federation and agreed pursuant to the established procedure.

11. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

The Licensee shall have the right to refuse to provide the services in the following circumstances:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes, receives communication services through unlawful methods, operates equipment provided in violation of the rules of technical operation, or utilizes uncertified equipment.

Ministry of the Russian Federation for Communications and Information

Refusal in each specific case must have a basis.

12. The Licensee shall provide communication services of its network to all users of unified SPS-1800 communication network, except for users of other licensee's network within the license territory, irrespective of where they are registered or their subscriber's equipment is purchased.

13. The Licensee shall provide the mobile subscribers with the ability to make calls to emergency services (fire brigades, police, ambulance, gas emergency services and others) free-of-charge within the license territory.

14. Long-distance and international communication services to the Licensee's network subscribers shall be rendered through the public communications network of the Russian Federation only pursuant to the General Scheme of Creation and Stage-by-Stage Development of the Federal GSM Mobile Cellular Communication Network of the Russian Federation.

15. The Licensee shall provide the users with communication services the quality of which corresponds to standards, technical norms, certificates and terms of agreements for provision of communication services.

16. The Licensee shall be liable to users for non-fulfillment or unsatisfactory fulfillment of its obligations in the order and to the extent provided by applicable legislation of the Russian Federation.

17. The Licensee shall be obligated to provide mobile cellular communications services on a daily basis, 24 hours a day, except breaks for carrying out necessary repair and maintenance works, which shall be scheduled for a time when the same cause the least harm to users.

18. The Licensee shall be obligated to create an information service and publish a directory of subscribers of the network.

19. Subscriber cards required to identify the subscribers and effect settlements for the provided services of the unified SPS-1800 cellular communication network of the Russian Federation shall be prepared in observance of the unified numbering plan for such cards set forth by the Administration of Communications of the Russian Federation.

20. The Licensee shall have the right to use communications channels and physical chains of the public communications network of the Russian Federation at the rates effective for a particular category of users.

21. The Licensee shall be obliged to meet requirements of the Administration of Communications of the Russian Federation regarding the procedures for traffic passing and services.

Ministry of the Russian Federation for Communications and Information

In cases stipulated by legislation of the Russian Federation the centralized coordination of the Licensee's communications networks shall be carried out directly by the Administration of Communications of the Russian Federation or the body authorized thereby.

22. Expenses relating to the development of the general organizational scheme of the unified SPS-1800 cellular communication network of the Russian Federation, Licensee's communications network design and construction, its connection to the public communications network of the Russian Federation, allocation of frequencies required to set up the network, approval of the conditions of electromagnetic compatibility of the radio equipment with the existing radio devices, settlements with the public communications network operators of the Russian Federation and other GSM networks operators, as well as development and issuance of regulatory documents, shall be borne by the Licensee.

23. Mutual traffic settlements with public communications network operators shall be performed by the Licensee in accordance with the procedure established for the public communications network of the Russian Federation.

24. The tariffs for communications services shall be established on a contractual basis.

In cases stipulated by the legislation of the Russian Federation with regard to specific types of communications services provided by communications enterprises, the tariffs may be regulated by the State.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications companies. Disputes on such matters shall be resolved by the court or arbitration tribunal.

Subscribers shall not be charged for any calls if actual connection was not established.

25. Specific categories of public officials, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunications facilities in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officials and individuals entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

Ministry of the Russian Federation for Communications and Information

26. The Licensee must provide official telecommunications free-of-charge pursuant to the procedure established by the Ministry of the Russian Federation on Communications and Information.

27. Should any acts of God, quarantines or other emergency situations arise which are provided for by the legislation of the Russian Federation, the authorized state bodies shall have the right of priority utilization and suspension of operation of networks and communication devices of the Licensee.

28. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law enforcement in the Russian Federation, as well as for messages on major accidents, catastrophes, epidemics, epizootic and acts of God.

29. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall provide information on the technical condition and development prospects of the network, conditions for the provision of telecommunication services and existing tariffs.

30. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted through the communication network of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Any tapping of telephone conversations, review of electronic communication messages, receipt of any information thereon or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

31. During development, establishment and operation of the communication network, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and allow the criminal investigation agencies to carry out such investigations using the communication network, and shall take actions to prevent disclosure of any organizational and tactic methods of such activities.

Should communication devices be used for criminal purposes harmful to the interests of individuals, society and the state, operation of the networks and communications equipment of the Licensee may be suspended by the authorized state bodies in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation “On Criminal Investigation Activities in the Russian Federation” are met.

Ministry of the Russian Federation for Communications and Information

32. The Licensee shall take measures to prevent any unauthorized interference with the management of the network and any unauthorized control over its operation.

33. At the request of the Ministry of the Russian Federation for Communications and Information, the Licensee shall allow to carry out tests of the equipment using its network, unless it affects its operations.

34. The commencement of the provision of communications services shall be permitted, in accordance herewith, only if the Licensee has obtained the permission to use radio frequencies and operate the network, issued by the State Communications and Information Control Service of the Russian Federation.

35. Use of technical communications devices shall be permitted provided a compliance certificate issued by Electrosvyaz Mandatory Certification System has been obtained.

36. The Licensee shall not obstruct any inspections of the technical parameters of the network by the State Communications Control Service of the Russian Federation, and, if necessary, shall give such Service access to its measuring devices to be used for such work.

37. This License shall be governed, construed and performed in accordance with the applicable legislation of the Russian Federation.

38. The Licensee shall operate in accordance with the regulatory acts and applicable legislation of the Russian Federation.

39. The Ministry of the Russian Federation for Communications and Information reserves the right to introduce any amendments to this license due to any changes in the applicable legislation of the Russian Federation.

40. The Licensee shall submit to local statistical agencies and the Ministry of the Russian Federation for Communications and Information periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submission of statistical reports shall result in administrative liability in accordance with the applicable legislation.

41. This License may not be assigned to another person.

42. The Licensee shall effect payments out of income received for the rendered communication and information services, to the account of the Ministry of the Russian Federation for Communications and Information, pursuant to the standards established under Decree No. 380 of the Government of the Russian Federation of April 28, 2000.

Ministry of the Russian Federation for Communications and Information

Transfer of cash funds shall be effected on a monthly basis subject to the actual income received for the communication and information services rendered in the preceding month, no later than the 20th day of the subsequent month. The amount to be transferred shall be confirmed each quarter upon the provision of accounting reports to the tax agencies.

With a view to effecting control over the completeness of cash transfers to the account of the Ministry of the Russian Federation for Communications and Information, the licensee shall, upon written request of the management of the department for control over communications and information in the relevant political subdivision of the Russian Federation, provide the corresponding accounting report form which reflects the income from the provided communications and information services.

43. The License shall be registered upon its issuance with the relevant state communications and information control authority of the Russian Federation.

In case of any change in the mailing address or banking details or the telephone numbers, and in case of reorganization and liquidation of the legal entity, the Licensee shall inform the Ministry of the Russian Federation for Communications and Information and the state communications control departments which registered the license, accordingly.

44. Pursuant to Decision of the State Commission on Radiofrequencies, dated May 24, 2000 (protocol 22/3), and Decision No. 5451-OR of the State Commission on Radiofrequencies, dated October 25, 2001, this License is issued for step-by-step conversion of the subscriber base from the operating AMPS network to the DCS-1800 network.

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	**Yu.A. Pavlenko**
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	**N.M. Popov**

Filename: d56093_ex4-15.htm
Type: EX-4.15
Comment/Description: License No. 4879
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EXHIBIT 4.15

**MINISTRY OF THE RUSSIAN FEDERATION
FOR COMMUNICATIONS**

LICENSE
A 001498 No. 4879

**The Ministry for Communications of the Russian Federation
in accordance with the Law on Communications in the Russian Federation
gives this permission to engage in telecommunications business to**

Closed Joint Stock Company
"Orensot"

Legal Address:

460000, Orenburg, Ul. Volodarskogo, 11

Type of Operations:

**Provision of cellular radiotelephone communication services
within the 800 MHz Band**

Conditions for carrying out this type of activity and the territory
are set forth in the attachment which is an integral part hereof

Term of validity of the License: until January 1, 2006

Services to be rendered as of
(no later than): August 30, 1996

Date of registration of the License
in the Unified Register of
Communications Licenses: August 30, 1996

**First Deputy Federal Minister
For Communications** **[Signature]** **A. E. Krupnov**
[Seal]

Ministry of the Russian Federation for Communications

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 4879

1. CJSC "Orensot" (the Licensee) is hereby authorized to provide cellular radio-telephone communications services of the public communication network within the 800 Mhz frequency band on the territory of Orenburg Region.

The cellular communication services shall be provided with the use of the Licensee's communication network created on the basis of a narrowband AMPS/D-AMPS system.

2. The installed capacity of the network and the percentage of territory covered hereunder, provided that sufficient frequency resources are allocated under the project, must constitute as of December 31 of each year, respectively, not less than:

1995 -	400 numbers -	10%
1996 -	800 numbers -	15%
1997 -	1,400 numbers -	20%
1998 -	2,500 numbers	30%
1999 -	4,000 numbers	40%
2005 -	8,000 numbers	65%

The percentage of territorial coverage may be adjusted in the process of fulfillment of the terms of this License.

3. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

Refusal to provide the services may be caused by circumstances under which:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes, receives communication services through unlawful methods, operates equipment provided in violation of the rules of technical operation, or utilizes uncertified equipment.

Ministry of the Russian Federation for Communications

Refusal in each specific case must have a basis.

4. The Licensee's network must provide for outgoing and incoming connections between the network's subscribers and subscribers of the public communications network of the Russian Federation.

5. The Licensee's network shall be connected to the public communication network of the Russian Federation at the local telephone network level subject to the technical conditions issued by OJSC Orenburg Region Telecommunications.

The Licensee's network may be connected to the public communication network on the basis of the technical conditions of other operators licensed to render local telephone services in the territory, provided they comply with the applicable traffic norms and rules.

Long-distance and international communication services to the Licensee's network subscribers shall be rendered only through the public communications network of the Russian Federation.

6. The numbering in the Licensee's communication network must conform to the numbering plan of the public communication network of the Russian Federation.

7. The Licensee shall comply with the existing standards and applicable Russian norms and rules.

Structural principles and functional capacity of the network shall comply with the international recommendations governing the structure of such networks.

8. The Licensee's network shall be designed and constructed so that the percentage of failures in the network per hour of maximum traffic shall not exceed 5% with the 0.025 Erl per user.

9. The Licensee shall provide the users with communication services the quality of which corresponds to standards, technical norms, certificates and terms of agreements for provision of communication services.

10. The Licensee shall be obligated to provide mobile cellular communications services on a daily basis, 24 hours a day, except breaks for carrying out necessary repair and maintenance works, which shall be scheduled for a time when the same cause the least harm to users.

11. The Licensee shall be liable to users for non-fulfillment or unsatisfactory fulfillment of its obligations in the order and to the extent provided by applicable legislation of the Russian Federation.

Ministry of the Russian Federation for Communications

12. The Licensee shall be obligated to create an information service and publish a directory of subscribers of the network.

13. The network shall be created only upon availability of the design documentation worked out in accordance with the Construction Norms and Rules and the Departmental Norms of Technological Designing (SNiP, VNTP) applicable in the Russian Federation and agreed pursuant to the established procedure.

14. The Licensee shall be obliged to meet requirements of the Ministry for Communications of the Russian Federation regarding the procedures for traffic passing and services.

In cases stipulated by legislation of the Russian Federation the centralized coordination of the Licensee's communications networks shall be carried out directly by the Ministry for Communications of the Russian Federation.

15. Expenses relating to the Licensee's communications network design and construction, its connection to the public communications network of the Russian Federation, and approval of the conditions of electromagnetic compatibility of the utilized radio equipment with the existing radio devices and settlements with the public communications network operators of the Russian Federation, shall be borne by the Licensee.

16. Mutual traffic settlements shall be effected by the Licensee in accordance with the established procedure.

17. The tariffs for communications services shall be established on a contractual basis.

In cases stipulated by the legislation of the Russian Federation tariffs for specific types of communications services provided by communications enterprises may be regulated by the State.

Calls to emergency services (fire brigades, police, ambulance, gas emergency services, mining rescue service, and others) must be provided free-of-charge to all individuals and legal entities.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications companies. Disputes on such matters shall be resolved by the court or arbitration tribunal.

Subscribers shall not be charged for any calls if actual connection was not established.

Ministry of the Russian Federation for Communications

18. The Licensee will make a gratuitous and non-refundable contribution, specially designated for the development of networks and public communication network facilities, necessary for the maintenance of outgoing and incoming traffic (local, long distance and international), created by the Licensee's network.

The amount, terms and procedure for making the contribution shall be established by the Administration of the Orenburg Region.

If the Licensee fails to make such a contribution or any portion thereof the license shall be revoked.

19. Specific categories of public officials, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunications facilities in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officials and individuals entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

20. The Licensee must provide official telecommunications free-of-charge pursuant to the procedure established by the Ministry of the Russian Federation for Communications.

21. Should any acts of God, quarantines or other emergency situations arise which are provided for by the legislation of the Russian Federation, the authorized state bodies shall have the right of priority utilization and suspension of operation of networks and communication devices of the Licensee.

22. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law enforcement in the Russian Federation, as well as for messages on major accidents, catastrophes, epidemics, epizootic and acts of God.

23. At the request of the Licensor, the Licensee shall provide information on the technical condition and development prospects of the network, conditions for the provision of telecommunication services and existing tariffs.

24. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted through the communication network of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Ministry of the Russian Federation for Communications

Any tapping of telephone conversations, review of electronic communication messages, receipt of any information thereon or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

25. During development, establishment and operation of the communication network, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and allow the criminal investigation agencies to carry out such investigations using the communication network, and shall take actions to prevent disclosure of any organizational and tactic methods of such activities.

Should communication devices be used for criminal purposes harmful to the interests of individuals, society and the state, operation of the networks and communications equipment of the Licensee may be suspended by the authorized state bodies in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation "On Criminal Investigation Activities in the Russian Federation" are met.

26. The Licensee shall take measures to prevent any unauthorized interference with the management of the network and any unauthorized control over its operation.

27. At the request of the Licensor, the Licensee shall allow to carry out tests of the equipment using its network, unless it affects its operations.

28. The commencement of the provision of communications services shall be permitted, in accordance herewith, only if the Licensee has obtained the permission to use radio frequencies and operate the network, issued by the State Communications Control Service of the Russian Federation.

29. Use of technical communications devices shall be permitted provided a compliance certificate from the Ministry of the Russian Federation for Communications has been obtained.

30. The Licensee shall not obstruct any inspections of the technical parameters of the network by the State Communications Control Service of the Russian Federation, and, if necessary, shall give such Service access to its measuring devices to be used for such work.

31. This License shall be governed, constructed and performed in accordance with the applicable legislation of the Russian Federation.

32. The Licensee shall operate in accordance with the applicable legislation of the Russian Federation and regulations adopted by the Ministry for Communications of the Russian Federation.

Ministry of the Russian Federation for Communications

33. The Licensor reserves the right to introduce any amendments to this license due to any changes in the applicable legislation of the Russian Federation.

34. The Licensee shall submit to local statistical agencies and the Ministry of the Russian Federation for Communications and Information periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submission of statistical reports shall result in administrative liability in accordance with the applicable legislation.

35. This License may not be assigned to another person.

36. The License shall be registered within 30 days upon its issuance with the regional state communications control authorities of the Russian Federation.

In case of any change in the mailing address or banking details or the telephone numbers, and in case of reorganization and liquidation of the legal entity, the Licensee shall inform the Ministry of the Russian Federation for Communications and the Territorial Department of the State Communications Control Service accordingly.

37. Upon registration hereof license No. 2516 dated October 6, 1995 shall lose force and effect.

First Deputy Federal Minister
For Communications **[Signature]** **A.E. Krupnov**

Deputy Head of the Department
of the Organization
of Licensing Activity **[Signature]** **N.M. Popov**
[Seal]

Filename: d56093_ex4-151.htm
Type: EX-4.15.1
Comment/Description: Amendment No. 1 to License No. 4879
(this header is not part of the document)

EXHIBIT 4.15.1

Ministry of the Russian Federation for Communications

Amendment No. 1
to License No. 4879 (registration series A 001498)
dated August 30, 1996

The name of the entity on the title page shall be change to:

Open Joint Stock Company
"Orensot"

Clause 1 of the Conditions For Carrying Out Activities Under License No. 4879 shall be revised to read as follows:

"1. OJSC "Orensot" (the Licensee) is hereby authorized to provide cellular radio-telephone communications services of the public communication network within the 800 Mhz frequency band on the territory of Orenburg Region.

The cellular communication services shall be provided with the use of the Licensee's communication network created on the basis of a narrowband AMPS/D-AMPS system."

First Deputy Chairman of the State Committee on Communications of the Russian Federation [Signature] **N. S. Marder**

December 27, 1999

Head of the Department of the Organization of Licensing Activity [Signature] [Seal] **N. M. Popov**

EXHIBIT 4.15.2

Ministry of the Russian Federation for Communications

Amendment No. 2
to License No. 4879 (registration series A 001498)
dated August 30, 1996

To add an additional clause to the Conditions For Carrying Out Activities Under License No. 4879:

"The Licensee shall effect payments out of income received for the rendered communication and information services, to the account of the Ministry of the Russian Federation for Communications and Informatization, pursuant to the standards established under Decree No. 380 of the Government of the Russian Federation as of April 28, 2000.

Transfer of cash funds shall be effected on a monthly basis subject to the actual income received for the communication and informatization services rendered in the preceding month, no later than the 20th day of the subsequent month. The amount to be transferred shall be confirmed each quarter upon the provision of accounting reports to the tax agencies.

With a view to effecting control over the completeness of cash transfers to the account of the Ministry of the Russian Federation for Communications and Information, the licensee shall, upon written request of the management of the department for control over communications and information in the relevant political subdivision of the Russian Federation, provide the corresponding accounting report form which reflects the income from the provided communications and information services.

This requirement shall be an inalienable part of the license issued earlier."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	Yu.A. Pavlenko
		January 25, 2001
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	B.V. Vorobiev

EXHIBIT 4.15.3

Ministry of the Russian Federation for Communications

Amendment No. 3
to License No. 4879 (registration series A 001498)
dated August 30, 1996

Legal address on the title page of the License shall read as follows:

"460021, Orenburg, proezd Znamenskiy, 9a."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	A.N. Kiselyov
		August 26, 2002
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	V.N. Ugrioumova

Filename: d56093_ex4-16.htm
Type: EX-4.16
Comment/Description: License No. 5860 for the territory
(this header is not part of the document)

EXHIBIT 4.16

**MINISTRY OF THE RUSSIAN FEDERATION
FOR COMMUNICATIONS**

LICENSE
A 002702 No. 5860

**The Ministry for Communications of the Russian Federation
in accordance with the Law on Communications in the Russian Federation
gives this permission to engage in telecommunications business to**

***Closed Joint Stock Company
"Sotovaya kompaniya"***

Legal Address:

630009, Novosibirsk, Ul. Dobrolyubova, 12

Type of Operations:

**Provision of cellular radiotelephone communication services
within the 800 MHz Band**

Conditions for carrying out this type of activity and the territory
are set forth in the attachment which is an integral part hereof

Term of validity of the License: until June 1, 2005

Services to be rendered as of
(no later than): February 7, 1997

Date of registration of the License
in the Unified Register of
Communications Licenses: February 7, 1997

**First Deputy Federal Minister
For Communications** **[Signature]** **A.E. Krupnov**
[Seal]

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 4879

1. CJSC "Sotovaya Komapniya" (the Licensee) is hereby authorized to provide cellular radio-telephone communications services of the public communication network within the 800 Mhz frequency band on the territory of Novosibirsk Region.

The cellular communication services shall be provided with the use of the Licensee's communication network created on the basis of a narrowband AMPS/D-AMPS system.

2. The installed capacity of the network and the percentage of territory covered hereunder, provided that sufficient frequency resources are allocated under the project, must constitute as of December 31 of each year, respectively, not less than:

1997	-	12,000 numbers	-	24%
1998	-	15,000 numbers	-	30%
1999	-	18,000 numbers	-	36%
2000	-	21,000 numbers	-	42%
2001	-	24,000 numbers	-	48%
2002	-	26,000 numbers	-	52%
2003	-	28,000 numbers	-	56%
2004	-	30,000 numbers	-	60%

The percentage of territorial coverage may be adjusted in the process of fulfillment of the terms of this License.

3. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

Refusal to provide the services may be caused by circumstances under which:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes, receives communication services through unlawful methods, operates equipment provided in violation of the rules of technical operation, or utilizes uncertified equipment.

Refusal in each specific case must have a basis.

4. The Licensee's network must provide for outgoing and incoming connections between the network's subscribers and subscribers of the public communications network of the Russian Federation.

5. The Licensee's network shall be connected to the public communication network of the Russian Federation at the local telephone network level subject to the technical conditions issued by OJSC "Electrosvyaz" of Novosibirsk Region.

The Licensee's network may be connected to the public communication network on the basis of the technical conditions of other operators licensed to render local telephone services in the territory, provided they comply with the applicable traffic norms and rules.

Long-distance and international communication services to the Licensee's network subscribers shall be rendered only through the public communications network of the Russian Federation.

6. The numbering in the Licensee 's communication network must conform to the numbering plan of the public communication network of the Russian Federation.

7. The Licensee shall comply with the existing standards and applicable Russian norms and rules.

Structural principles and functional capacity of the network shall comply with the international recommendations governing the structure of such networks.

8. The Licensee's network shall be designed and constructed so that the percentage of failures in the network per hour of maximum traffic shall not exceed 5% with the 0.025 Erl per user.

9. The Licensee shall provide the users with communication services the quality of which corresponds to standards, technical norms, certificates and terms of agreements for provision of communication services.

10. The Licensee shall be obligated to provide mobile cellular communications services on a daily basis, 24 hours a day, except breaks for carrying out necessary repair and maintenance works, which shall be scheduled for a time when the same cause the least harm to users.

11. The Licensee shall be liable to users for non-fulfillment or unsatisfactory fulfillment of its obligations in the order and to the extent provided by applicable legislation of the Russian Federation.

12. The Licensee shall be obligated to create an information service and publish a directory of subscribers of the network.

13. The network shall be created only upon availability of the design documentation worked out in accordance with the Construction Norms and Rules and the Departmental Norms of Technological Designing (SNiP, VNTP) applicable in the Russian Federation and agreed pursuant to the established procedure.

14. The Licensee shall be obliged to meet requirements of the Ministry for Communications of the Russian Federation regarding the procedures for traffic passing and services.

In cases stipulated by legislation of the Russian Federation the centralized coordination of the Licensee's communications networks shall be carried out directly by the Ministry for Communications of the Russian Federation.

15. Expenses relating to the Licensee's communications network design and construction, its connection to the public communications network of the Russian Federation, and approval of the conditions of electromagnetic compatibility of the utilized radio equipment with the existing radio devices and settlements with the public communications network operators of the Russian Federation, shall be borne by the Licensee.

16. Mutual traffic settlements shall be effected by the Licensee in accordance with the established procedure.

17. The tariffs for communications services shall be established on a contractual basis.

In cases stipulated by the legislation of the Russian Federation tariffs for specific types of communications services provided by communications enterprises may be regulated by the State.

Calls to emergency services (fire brigades, police, ambulance, gas emergency services, mining rescue service, and others) must be provided free-of-charge to all individuals and legal entities.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications companies. Disputes on such matters shall be resolved by the court or arbitration tribunal.

Subscribers shall not be charged for any calls if actual connection was not established.

18. The Licensee will make a gratuitous and non-refundable contribution, specially designated for the development of networks and public communication network facilities, necessary for the maintenance of outgoing and incoming traffic (local, long distance and international), created by the Licensee's network.

The amount, terms and procedure for making the contribution shall be established by the Administration of the Novosibirsk Region.

If the Licensee fails to make such a contribution (or any portion thereof) the license shall be revoked.

19. Specific categories of public officials, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunications facilities in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officials and individuals entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

20. The Licensee must provide official telecommunications free-of-charge pursuant to the procedure established by the Ministry of the Russian Federation for Communications.

21. Should any acts of God, quarantines or other emergency situations arise which are provided for by the legislation of the Russian Federation, the authorized state bodies shall have the right of priority utilization and suspension of operation of networks and communication devices of the Licensee.

22. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law enforcement in the Russian Federation, as well as for messages on major accidents, catastrophes, epidemics, epizootic and acts of God.

23. At the request of the Ministry of the Russian Federation for Communications, the Licensee shall provide information on the technical condition and development prospects of the network, conditions for the provision of telecommunication services and existing tariffs.

24. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted through the communication network of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Any tapping of telephone conversations, review of electronic communication messages, receipt of any information thereon or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

25. During development, establishment and operation of the communication network, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and allow the criminal investigation agencies to carry out such investigations using the communication network, and shall take actions to prevent disclosure of any organizational and tactic methods of such activities.

Should communication devices be used for criminal purposes harmful to the interests of individuals, society and the state, operation of the networks and communications equipment of the Licensee may be suspended by the authorized state bodies in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation “On Criminal Investigation Activities in the Russian Federation” are met.

26. The Licensee shall take measures to prevent any unauthorized interference with the management of the network and any unauthorized control over its operation.

27. At the request of the Ministry of the Russian Federation for Communications, the Licensee shall allow to carry out tests of the equipment using its network, unless it affects its operations.

28. The commencement of the provision of communications services shall be permitted, in accordance herewith, only if the Licensee has obtained the permission to use radio frequencies and operate the network, issued by the State Communications Control Service of the Russian Federation.

29. Use of technical communications devices shall be permitted provided a compliance certificate from the Ministry of the Russian Federation for Communications has been obtained.

30. The Licensee shall not obstruct any inspections of the technical parameters of the network by the State Communications Control Service of the Russian Federation, and, if necessary, shall give such Service access to its measuring devices to be used for such work.

31. This License shall be governed, construed and performed in accordance with the applicable legislation of the Russian Federation.

32. The Licensee shall operate in accordance with the applicable legislation of the Russian Federation and regulations adopted by the Ministry for Communications of the Russian Federation.

33. The Ministry of the Russian Federation for Communications reserves the right to introduce any amendments to this license due to any changes in the applicable legislation of the Russian Federation.

34. The Licensee shall submit to local statistical agencies and the Ministry of the Russian Federation for Communications and Information periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submission of statistical reports shall result in administrative liability in accordance with the applicable legislation.

35. This License may not be assigned to another person.

36. The License shall be registered within 30 days upon its issuance with the Territorial Department of the State Communications Control Service of the Russian Federation.

In case of any change in the mailing address or banking details or the telephone numbers, and in case of reorganization and liquidation of the legal entity, the Licensee shall inform the Ministry of the Russian Federation for Communications and the Territorial Department of the State Communications Control Service accordingly.

37. Upon registration hereof license No. 1221 dated May 12, 1994 shall lose force and effect.

First Deputy Federal Minister
For Communications **[Signature]** **A.E. Krupnov**

Deputy Head of the Department
of the Organization
of Licensing Activity **[Signature]** **V.D. Aleshin**
[Seal]

Exhibit 4.16.1

Amendment No. 1
to License No. 5860 (registration series A 002702)
dated February 7, 1997

To add an additional clause to the "Conditions For Carrying Out Activities Under License No. 5860":

"The Licensee shall effect payments out of income received for the rendered communication and informatization services, to the account of the Ministry of the Russian Federation for Communications and Informatization, pursuant to the standards established under Decree No. 380 of the Government of the Russian Federation as of April 28, 2000.

Transfer of cash funds shall be effected on a monthly basis subject to the actual income received for the communication and informatization services rendered in the preceding month, no later than the 20th day of the subsequent month. The amount to be transferred shall be confirmed each quarter upon the provision of accounting reports to the tax agencies.

With a view to effecting control over the completeness of cash transfers to the account of the Ministry of the Russian Federation for Communications and Informatization, the licensee shall, upon written request of the management of the department for control over communications and informatization in the relevant political subdivision of the Russian Federation, provide the corresponding accounting report form which reflects the income from the provided communications and informatization services.

This requirement shall be an inalienable part of the license issued earlier."

First Deputy Minister of the Russian Federation for Communications and Information	[Signature]	Yu.A. Pavlenko
		January 25, 2001
Deputy Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	V.N. Ugrioumova

Filename: d56093_ex4-17.htm
Type: EX-4.17
Comment/Description: License No. 17938
(this header is not part of the document)

Exhibit 4.17

Ministry of The Russian Federation for Telecommunications and Informatization

**MINISTRY OF THE RUSSIAN FEDERATION
FOR TELECOMMUNICATIONS AND INFORMATIZATION**

LICENSE

A017202 **No. 17938**

**In accordance with the current legislation of the Russian Federation
this permission is given to**

Open Joint Stock Company "KB Impuls"

Legal Address:

10, 8 Marta street, bldg. 14, Moscow 125083, Suite 319

Type of Operations:

Data Transmission Services

Conditions for carrying out this type of activity and the territory
are set forth in the attachment which is an integral part hereof

Term of validity of the License:	until April 26, 2006
Services to be rendered as of (no later than):	April 26, 2002
Date of registration of the License in the Unified Register of Communications Licenses:	April 26, 2001

First Deputy Minister of the Russian Federation for Telecommunications and Informatization **[Signature]** **Yu. A. Pavlenko**
[Seal]

Ministry of The Russian Federation for Telecommunications and Informatization

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 17938

1. OJSC "KB Impuls" (the Licensee) is hereby authorized to provide data transmission services in Moscow and the Moscow Region.

2. Data transmission services shall be provided with the involvement of Licensee's data transmission network.

The installed subscribers capacity of Licensee's network shall enable the activation of at least 100,000 subscribers by end of the license period, and at least 5,000 subscribers by end of 2002.

3. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

The Licensee shall have the right to refuse to provide the services in the following circumstances:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes, receives communication services through unlawful methods, operates the provided equipment in violation of the rules of technical operation, or utilizes uncertified equipment.

Refusal in each specific case must have a basis.

4. The Licensee shall have the right to use the communication channels and the physical links of the general access network of the Russian Federation.

5. Connection of data transmission equipment to the general access telephone network and "Iskra" and AT/Telex networks are not allowed.

6. Access to Licensee's data transmission network shall be effected through the cellular mobile communications network of "KB Impuls".

Ministry of The Russian Federation for Telecommunications and Informatization

7. The data transmission equipment of the Licensee shall be connected to the cellular mobile communications network of "KB Impuls" with allocation to such equipment of the numbering in the cellular mobile communications network of OJSC "KB Impuls".

8. Data transmission services shall be provided only to the clients of the cellular mobile communications network of "KB Impuls".

9. The lease of communication channels and physical links of the general access network pursuant to agreements with the relevant general access networks and subject to tariffs applicable to the given category of users, shall be permitted for the purpose of arranging the connection of the Licensee's data transmission network to the telematic services of other operators.

10. Use of technical means of communication owned by the Licensee or users shall be allowed subject to availability of compliance certificate of "Elektrosvyaz" Compulsory Certification System.

11. Provision of services can be commenced only subject to availability of telecommunication network operating permission issued by the Russian state communication control authority.

12. Interaction of Licensee's network with other data transmission networks shall not involve the use of identification codes and address space owned by foreign-based networks.

13. Connection of Licensee's network to other communication networks in the Russian Federation shall be allowed only subject to availability of the license of the Russian Ministry For Telecommunications and Informatization (Russian Ministry of Communications, State Committee of the Russian Federation for Communications and Informatization, State Committee of the Russian Federation for Telecommunications) issued to the corresponding operators.

14. The throughput of international telex traffic generated by the users shall be effected only through the international station of the Russian Federation Telex network.

15. Only long range cordless line extenders operating at 330MHz shall be allowed for use at the subscriber's territory subject to availability of permission to use operating frequencies issued by the Russian Federation state communication control authority.

16. The Licensee shall provide telecommunication services provided for in this License 24 hours a day on a daily basis, except for interruptions for necessary maintenance and repairs to be scheduled so as to minimize damage caused to the users.

17. The Licensee is required to provide users with telecommunication services which comply with the quality standards, technical parameters, certificates, and terms of the agreement for provision of telecommunication services.

Ministry of The Russian Federation for Telecommunications and Informatization

18. The Licensee shall be liable to the users for failure to perform or improper performance of its obligations pursuant to the procedure and to the extent specified by the effective laws of the Russian Federation.

19. The Licensee shall comply with the requirements of the Administration of Communications of the Russian Federation with respect to the traffic priority and provision of services.

20. In situations set forth by the legislation of the Russian Federation the centralized management of Licensee's telecommunication networks shall be effected directly by the Ministry of the Russian Federation for Communications and Informatization.

21. Expenses associated with design and construction of Licensee's data transmission network, connection thereof to the general access networks in the Russian Federation and settlements with operators of general access networks in the Russian Federation shall be at Licensee's cost.

22. The tariffs for communications services shall be established on the contractual basis.

In cases stipulated by the legislation of the Russian Federation with regard to specific types of communications services provided by communications enterprises, the tariffs may be regulated by the state.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications enterprises. Disputes on such matters shall be considered pursuant to the current legislation of the Russian Federation.

23. Specific categories of state officers, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunications in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officers and individuals who are entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

24. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted through the communication network of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Ministry of The Russian Federation for Telecommunications and Informatization

Any tapping of telecommunications messages or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

25. The Licensee shall not prevent any reviews of the technical parameters of the network by the State Communications Control Service of the Russian Federation, and, if necessary, must provide such Service with access to its measuring devices to be used for such work.

26. During development, creation and operation of the communication network, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and provide the criminal investigation agencies with the possibility of carrying out such investigations using the communication network, and shall take measures on keeping confidential all organizational and tactic methods of carrying out of the mentioned activities.

Should communication means be used for criminal purposes harmful for interests of individuals, society and the state, operation of the networks and communications equipment of the Licensee may be suspended by the state bodies authorized thereto in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation "On Operative Investigation Activities in the Russian Federation" are met.

27. The Licensee shall be obliged to take measures to prevent any unauthorized access to management of the network and any unauthorized control over its operations.

Licensee's data transmission network centers shall be located in the Russian Federation.

28. In case of Acts of God, quarantine or any other natural or industrial force majeure events, the governmental authorities authorized thereto shall have the right of priority utilization and suspension of the operation of the Licensee's network and telecommunication means.

29. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law and order enforcement in the Russian Federation, as well as for messages on significant accidents, catastrophes, epidemics, epizootic and Acts of God.

30. Licensee shall provide telecommunication services required for administrative purposes as prescribed by the Ministry of the Russian Federation for Communications and Informatization.

31. At the request of the Ministry of the Russian Federation on Communications and Informatization, the Licensee shall provide information on the technical condition and development prospects of the network, conditions for the provision of telecommunication services and existing tariffs.

Ministry of The Russian Federation for Telecommunications and Informatization

32. The Licensee shall give priority to the use of telecommunication means manufactured in the Russian Federation pursuant to the Federal Law “On Telecommunications”.

33. Licensee’s technical facilities can be constructed only upon availability of design documents prepared in compliance with Construction Norms and Rules and Industrial Technological Design Norms (SniP, VNTP) effective in the Russian Federation, and duly obtained approval of such design documents.

34. This License shall be governed, construed and performed in accordance with the applicable legislation of the Russian Federation.

35. The Licensee shall operate in accordance with the regulatory acts and applicable legislation of the Russian Federation.

36. The Ministry of the Russian Federation for Telecommunications and Informatization reserves the right to introduce any amendments or supplements to this License due to any changes in the applicable legislation of the Russian Federation.

37. The Licensee shall submit to local statistical agencies and to the Ministry of the Russian Federation for Telecommunications and Informatization periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submitting of statistical reports shall result in administration liability in accordance with the applicable legislation.

38. This License is not assignable to any other person.

39. The Licensee shall effect payments out of revenues received from the rendered communications and informatization services to the account of the Ministry of the Russian Federation for Telecommunications and Informatization, pursuant to the standards established under Decree No. 380 of the Government of the Russian Federation of April 28, 2000.

Such transfers shall be effected on a monthly basis subject to the actual revenues received from the telecommunications and informatization services rendered in the preceding calendar month, no later than the 20th day of the subsequent month. The amount to be transferred shall be adjusted on a quarterly basis upon the provision of accounting reports to the tax agencies.

With a view to effecting control over the adequacy of cash transfers to the account of the Ministry of the Russian Federation for Telecommunications and Informatization, the Licensee shall, upon written request of the management of the department for control over telecommunications and informatization in the relevant political subdivision of the Russian Federation, provide the corresponding accounting report form which reflects the revenues from the provided telecommunications and informatization services.

Ministry of The Russian Federation for Telecommunications and Informatization

40. The License shall be registered upon its issuance with the state communications control service of the Russian Federation.

In case of any changes in the mailing or banking requisites or the telephone numbers, or in case of reorganization or liquidation of the legal entity, the Licensee shall inform the Ministry of the Russian Federation for Telecommunications and Informatization and the territorial department of the state communications control service thereof.

First Deputy Minister of the Russian Federation for Telecommunications and Informatization	[Signature]	Yu.A. Pavlenko
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	N.M. Popov

Exhibit 4.17.1

Ministry of The Russian Federation for Telecommunications and Informatization

Amendment No. 1
to License No. 17938 (registration series A 017202)
dated April 26, 2001

Legal address on the title page of the License shall read as follows:

"127083, Moscow, Ul. 8 Marta, 10, bldg. 14."

First Deputy Minister of the Russian Federation for Telecommunications and Informatization	[Signature]	Yu.A. Pavlenko
		July 3, 2002
Deputy Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	B.V. Vorobyov

Filename: d56093_ex4-172.htm
Type: EX-4.17.2
Comment/Description: Addendum No. 2 to License No. 17938
(this header is not part of the document)

Exhibit 4.17.2

Ministry of The Russian Federation for Telecommunications and Informatization

Amendment No. 2
to License No. 17938 (registration series A 017202)
dated April 26, 2001

To add the following additional clause to the Conditions For Carrying Out Activities Under License No. 17938:

"Use of wireless data transmission equipments operating in the 2,400-2,483.5 MHz frequency band shall be allowed subject to permission of the state frequency service of the Ministry of the Russian Federation for Telecommunications and Informatization."

First Deputy Minister of the Russian Federation for Telecommunications and Informatization	/Signature/	B.D. Antoniouk August 29, 2002
Deputy Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	V.N. Ugrioumova

Exhibit 4.17.3

Ministry of The Russian Federation for Telecommunications and Informatization

Amendment No. 3
to License No. 17938 (registration series A 017202)
dated April 26, 2001

To amend clause 8 of the Conditions For Carrying Out Activities Under License No. 17938 to read as follows:

"8. Data transmission services shall be provided to the users of the cellular mobile communications network and of the data transmission networks of OJSC "KB Impuls".

First Deputy Minister of the Russian Federation for Telecommunications and Informatization	/Signature/	B. D. Antoniouk
	/Seal/	April 11, 2003
Head of the Department of the Organization of Licensing Activity	/Signature/	N. M. Popov

Filename: d56093_ex4-18.htm
Type: EX-4.18
Comment/Description: License No. 17951
(this header is not part of the document)

Exhibit 4.18

MINISTRY OF THE RUSSIAN FEDERATION
FOR TELECOMMUNICATIONS AND INFORMATIZATION

LICENSE

A 017215 **No. 17951**

In accordance with the current legislation of the Russian Federation this permission is given to

Open Joint Stock Company "KB Impuls"

Legal Address:

10, 8 Marta street, bldg. 14, Moscow 125083, Suite 319

Type of Operations:

Telematic Services

Conditions for carrying out this type of activity and the territory are set forth in the attachment which is an integral part hereof

Term of validity of the License:	until April 26, 2006
Services to be rendered as of (no later than):	April 26, 2002
Date of registration of the License in the Unified Register of Communications Licenses:	April 26, 2001

First Deputy Minister of the Russian Federation for Telecommunications and Informatization **[Signature]** **Yu.A. Pavlenko**

[Seal]

CONDITIONS FOR CARRYING OUT ACTIVITIES
UNDER LICENSE NO. 17951

1. OJSC "KB Impuls" (the Licensee) is hereby authorized to provide telematic services of the general access network (e-mail, access to information resources, information services, facsimile services, voice mail) in Moscow and the Moscow Region.

2. The services shall be provided with the involvement of Licensee's telematic facilities.

The installed subscribers capacity of Licensee's telematic services shall enable the activation of at least 100,000 subscribers by end of the license period, and at least 5,000 subscribers by end of 2002.

3. The Licensee must provide services on the licensed territory to any person requiring such services, provided the corresponding technical capacity is available.

The Licensee shall have the right to refuse to provide the services in the following circumstances:

- provision of service may create danger to the security and defense of the state, health and security of people;
- provision of service is impossible due to physical, topographic or other natural obstacles;
- the consumer without reasonable cause disagrees with the terms of provision of service, or does not make timely payments for the provided service;
- the consumer utilizes or intends to utilize communications equipment for any illegal purposes or receives communication services through unlawful methods, operates the provided equipment in violation of the rules of technical operation, or utilizes uncertified equipment.

Refusal in each specific case must have a basis.

4. The Licensee shall have the right to use the communication channels and the physical links of the general access network of the Russian Federation.

5. Connection of telematic services equipment to the general access telephone network and "Iskra" and AT/Telex networks are not allowed.

6. Access to Licensee's telematic services shall be effected through the cellular mobile communications network of "KB Impuls".

7. The telematic services equipment of the Licensee shall be connected to the cellular mobile communications network of "KB Impuls" with allocation to such equipment of the numbering in the cellular mobile communications network of OJSC "KB Impuls".

Ministry of the Russian Federation for Telecommunications and Informatization

8. Data transmission services shall be provided only to the users of the cellular mobile communications network of "KB Impuls".

9. The lease of communication channels and physical links of the general access network pursuant to agreements with the relevant general access networks and subject to tariffs applicable to the given category of users, shall be permitted for the purpose of arranging the connection of the Licensee's telematic services to the telematic services of other operators.

10. Use of technical means of communication owned by the Licensee or users shall be allowed subject to availability of compliance certificate of "Elektrosvyaz" Compulsory Certification System.

11. Provision of services can be commenced only subject to availability of telecommunication network operating permission issued by the Russian state communication control authority.

12. Interaction of Licensee's telematic services with telematic services of other operators shall not involve the use of address space owned by foreign-based networks.

13. Connection of Licensee's telematic services to other telematic services and communication networks in the Russian Federation shall be allowed only subject to availability of the license of the Russian Ministry for Telecommunications and Informatization (Russian Ministry of Communications, State Committee of the Russian Federation for Communications and Informatization, State Committee of the Russian Federation for Telecommunications) issued to the corresponding operators.

14. Voice mail services to users of the general access telephone network shall be enabled only with the interim trunking of voice messages by the telematic services equipment without establishing a direct connection between the users of such networks.

15. Only long range cordless line extenders operating at 330MHz shall be allowed for use at the subscriber's territory subject to availability of permission to use operating frequencies issued by the Russian Federation state communication control authority.

16. The Licensee shall provide telecommunication services provided for in this License 24 hours a day on a daily basis, except for interruptions for necessary maintenance and repairs to be scheduled so as to minimize damage caused to the users.

17. The Licensee is required to provide users with telecommunication services which comply with the quality standards, technical parameters, certificates, and terms of the agreement for provision of telecommunication services.

18. The Licensee shall be liable to the users for failure to perform or improper performance of its obligations pursuant to the procedure and to the extent specified by the effective laws of the Russian Federation.

Ministry of the Russian Federation for Telecommunications and Informatization

19. The Licensee shall comply with the requirements of the Administration of Communications of the Russian Federation with respect to the traffic priority and provision of services.

20. In situations set forth by the legislation of the Russian Federation the centralized management of Licensee's telematic services shall be effected directly by the Ministry of the Russian Federation for Communications and Informatization.

21. Expenses associated with design and construction of Licensee's telematic services, connection thereof to the general access networks in the Russian Federation and settlements with operators of general access networks in the Russian Federation shall be at Licensee's cost.

22. The tariffs for communications services shall be established on the contractual basis.

In cases stipulated by the legislation of the Russian Federation with regard to specific types of communications services provided by communications enterprises, the tariffs may be regulated by the state.

Payments for interconnections between the networks shall be established on the basis of contracts, conditions and provisions agreed among communications enterprises. Disputes on such matters shall be considered pursuant to the current legislation of the Russian Federation.

23. Specific categories of state officers, diplomatic and consulate representatives of foreign states, representatives of international organizations, as well as specific groups of individuals may have certain privileges and priorities while using telecommunications in terms of the order of priority, procedure of use and the amount of payment for communication services.

The list of privileges as well as categories of officers and individuals who are entitled to such privileges and priorities shall be determined by the legislation of the Russian Federation and normative legal acts of the political subdivisions of the Russian Federation, as well as by international treaties and agreements of the Russian Federation.

24. The Licensee shall provide for strict confidentiality of communications.

Any information on messages being transmitted with the use of the telematic services of the Licensee, as well as the messages themselves may be disclosed only to the senders and addressees or their legal representatives.

Any tapping of telecommunications messages or any other limitation of communication confidentiality shall be permitted only on the basis of the applicable legislation of the Russian Federation.

25. The Licensee shall not prevent any reviews of the technical parameters of the telematic services by the State Communications Control Service of the Russian Federation, and, if necessary, must provide such Service with access to its measuring devices to be used for such work.

Ministry of the Russian Federation for Telecommunications and Informatization

26. During development, creation and operation of the telematic services, the Licensee shall, pursuant to the legislation of the Russian Federation, render assistance and provide the criminal investigation agencies with the possibility of carrying out such investigations using the communication network, and shall take measures on keeping confidential all organizational and tactic methods of carrying out of the mentioned activities.

Should communication means be used for criminal purposes harmful for interests of individuals, society and the state, operation of the telematic services and communications equipment of the Licensee may be suspended by the state bodies authorized thereto in accordance with legislation of the Russian Federation.

Connection of subscribers shall be effected after requirements of the Law of the Russian Federation "On Operative Investigation Activities in the Russian Federation" are met.

27. The Licensee shall be obliged to take measures to prevent any unauthorized access to management of the telematic services and any unauthorized control over its operations.

Licensee's telematic services control centers shall be located in the Russian Federation.

28. In case of Acts of God, quarantine or any other natural or industrial force majeure events, the governmental authorities authorized thereto shall have the right of priority utilization and suspension of the operation of the Licensee's network and telematic services.

29. The Licensee shall provide an absolute priority for all emergency messages related to personal safety at sea, or land, in the air or space, carrying out of emergency measures in the area of defense, security and law and order enforcement in the Russian Federation, as well as for messages on significant accidents, catastrophes, epidemics, epizootic and Acts of God.

30. Licensee shall provide telecommunication services required for administrative purposes as prescribed by the Ministry of the Russian Federation for Communications and Informatization.

31. At the request of the Ministry of the Russia Federation on Communications and Informatization, the Licensee shall provide information on the technical condition and development prospects of the telematic services, conditions for the provision of the services and existing tariffs.

32. The Licensee shall give priority to the use of telecommunication means manufactured in the Russian Federation pursuant to the Federal Law "On Telecommunications".

33. Licensee's technical facilities can be constructed only upon availability of design documents prepared in compliance with Construction Norms and Rules and Industrial Technological Design Norms (SniP, VNTP) effective in the Russian Federation, and duly obtained approval of such design documents.

Ministry of the Russian Federation for Telecommunications and Informatization

34. This License shall be governed, construed and performed in accordance with the applicable legislation of the Russian Federation.

35. The Licensee shall operate in accordance with the regulatory acts and applicable legislation of the Russian Federation.

36. The Ministry of the Russian Federation for Telecommunications and Informatization reserves the right to introduce any amendments or supplements to this License due to any changes in the applicable legislation of the Russian Federation.

37. The Licensee shall submit to local statistical agencies and to the Ministry of the Russian Federation for Telecommunications and Informatization periodic and annual state statistical reports on communications in accordance with the procedure established by the State Committee for Statistics of the Russian Federation.

Violation of the procedure for submitting of statistical reports shall result in administration liability in accordance with the applicable legislation.

38. This License is not assignable to any other person.

39. The Licensee shall effect payments out of revenues received from the rendered communications and informatization services to the account of the Ministry of the Russian Federation for Telecommunications and Informatization, pursuant to the standards established under Decree No. 380 of the Government of the Russian Federation of April 28, 2000.

Such transfers shall be effected on a monthly basis subject to the actual revenues received from the telecommunications and informatization services rendered in the preceding calendar month, no later than the 20th day of the subsequent month. The amount to be transferred shall be adjusted on a quarterly basis upon the provision of accounting reports to the tax agencies.

With a view to effecting control over the adequacy of cash transfers to the account of the Ministry of the Russian Federation for Telecommunications and Informatization, the Licensee shall, upon written request of the management of the department from control over telecommunications and informatization in the relevant political subdivision of the Russian Federation, provide the corresponding accounting report form which reflects the revenues from the provided telecommunications and informatization services.

40. The License shall be registered upon its issuance with the state communications control service of the Russian Federation.

In case of any changes in the mailing or banking requisites or the telephone numbers, or in case of reorganization or liquidation of the legal entity, the Licensee shall inform the Ministry of the Russian Federation for Telecommunications and Informatization and the territorial department of the state communications control service thereof.

First Deputy Minister of the Russian Federation for Telecommunications and Informatization	[Signature]	Yu.A. Pavlenko
Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	N.M. Popov

Exhibit 4.18.1

Amendment No. 1
to License No. 17951 (registration series A 017215)
dated April 26, 2001

Legal address on the title page of the License shall read as follows:

"127083, Moscow, Ul. 8 Marta, 10, bldg. 14."

First Deputy Minister of the Russian Federation for Telecommunications and Informatization	[Signature]	Yu.A. Pavlenko
		July 3, 2002
Deputy Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	N.M. Popov

Filename: d56093_ex4-182.htm
Type: EX-4.18.2
Comment/Description: Addendum No. 2 to License No. 17951
(this header is not part of the document)

Exhibit 4.18.2

Amendment No. 2
to License No. 17951 (registration series A 017215)
dated April 26, 2001

To add additional clauses to the Conditions For Carrying Out Activities Under License No. 17951:

1. OJSC "KB Impuls" (the Licensee) is hereby authorized to provide voice communications services of the telematic service of voice data transmission.

2. Services shall be provided by the Licensee with the involvement of the Licensee's telematic services technical facilities for voice data transmission and technical facilities for packet-switched data transmission.

3. The installed capacity of the voice data transmission of the Licensee's telematics services shall enable at least 30 simultaneous connections by end of the License period, including at least 8 simultaneous connections by the end of 2003.

4. The Licensee shall have the right to have its voice data transmission telematic equipment connected to the public telephone network and to the commercial parts of the "Iskra" network, to the data transmission networks and public telematics services, and to use the communications channels and physical communication circuits of the public communications network.

5. The Licensee's voice data transmission telematic equipment shall be connected to the public telephone network locally as subscribers' terminals and/or private branch exchange (PBX).

Switched channels of the aforesaid networks may be used only to provide access to subscribers to the voice data transmission telematic services of the Licensee and shall not be used for purposes of point-to-point connection and mating with voice data transfer networks and for connection of the voice data transmission telematic service of the Licensee with the data transmission networks and telematic equipment of other operators.

6. Connection of the Licensee's voice data transmission telematic equipment to the public telephone network, to the commercial parts of the "Iskra" network, to the public data transmission networks and telematic services, lease of communication channels and physical circuits of public communication network shall be effected pursuant to agreements with operators of the relevant public communication networks and subject to tariffs applicable to the given category of users.

7. Capacity of groups of circuits through which the technical devices of the voice data transmission telematic services of the Licensee are connected to the switch stations of the public telephone network, shall be sufficient to ensure compliance with the applicable norms of maximum load during hour of peak load (HPL) per one circuit. If the local telephone network has the required technical capacity, the amount of the maximum load during HPL may be changed on the basis of an agreement between the operator of the local telephone network and the telematic services operator.

Ministry of The Russian Federation for Telecommunications and Informatization

8. Voice data transmission telematic services technical devices shall not be provided for organization of inter-exchange or inter-network connections of the public telephone networks.

9. Connection between nodes of the voice data transmission telematic services of the Licensee, and connection to the telematic services of other operators shall be effected only with the use of the data transmission devices.

10. Voice transmission telematic services for communication between the public telephone network users and users of the commercial part of the "Iskra" network, on the one hand, and the dedicated telephone networks users, on the other hand, shall not be allowed.

11. The users shall be notified of the quality parameters of the services when they enter into an agreement.

First Deputy Minister of the Russian Federation for Telecommunications and Informatization	[Signature]	A.N. Kiselyov
		August 01, 2002
Deputy Head of the Department of the Organization of Licensing Activity	[Signature] [Seal]	V.N. Ugrioumova

Filename: d56093_ex4-183.htm
Type: EX-4.18.3
Comment/Description: Addendum No. 3 to License Agreement
(this header is not part of the document)

Exhibit 4.18.3

Amendment No. 3
to License No. 17951 (registration series A 017215)
dated April 26, 2001

To amend clause 8 of the Conditions For Carrying Out Activities Under License No. 17951 to read as follows:

"8. Telematic services shall be provided to the users of the cellular mobile communications network and of the telematic services of OJSC "KB Impuls".

First Deputy Minister of the Russian Federation for Telecommunications and Informatization	/Signature/	B.D. Antoniouk
	/seal/	April 11, 2003
Head of the Department of the Organization of Licensing Activity	/Signature/	N.M.Popov

Filename: d56093_ex4-41.htm
Type: EX-4.41
Comment/Description: Indent 17 Deferred Payment Agreement
(this header is not part of the document)

Exhibit 4.41

27 March 2002
ZRV/TPF Dr.Wa/dh
Ex 4.41

Indent 17 DEFERRED PAYMENT AGREEMENT

This AGREEMENT is made on 27 March 2002

between

(1) **OPEN JOINT STOCK COMPANY "KB Impuls"** (hereafter referred to as "**KBI**"), an open joint stock company registered under Russian Federation law, whose registered office/principal place of business is situated at 8 Marta Ulitsa, 10, building 14, room 319, Moscow 125083, Russia, in the person of its General Director, Mr. Sergey Avdeev, acting on the basis of its charter, of the first part;

(2) **ALCATEL SEL AG** (hereinafter referred to as "**ALCATEL**"), a company registered under German law whose registered office is situated at Lorenz Strasse 10, 70435 Stuttgart, duly represented by the undersigned officers on the basis of a Power of Attorney, of the second part.

Whereas, KBI and ALCATEL have entered into the FRAME CONTRACT.

Whereas, the Parties have concluded INDENT 17 which provides that KBI may opt for the deferral of payments of amounts owing to ALCATEL up to the maximum amount stated in this agreement and in accordance with the terms and conditions set out hereunder.

Now, therefore, in consideration thereof, it is agreed by and between the parties hereto as follows:

ARTICLE 1 - DEFINED TERMS

In this agreement the following terms and expressions shall have the following meanings when written in capital letters (terms defined in the singular shall have the same meaning when used in the plural and vice versa).

AGREEMENT

Shall mean this Indent 17 Deferred Payment Agreement entered into between the parties.

BUSINESS

Shall mean the business of providing the services of a DCS-1800 and/or GSM 900 cellular radiotelephone network in the city of Moscow and Moscow region.

BUSINESS DAY

Shall mean a day on which banks are open for business in Moscow, New York and Frankfurt.

DATE OF ACCEPTANCE

Shall mean in respect of INDENT 17 the date of the Acceptance Certificate (as defined in Article 8 of INDENT 17).

DEFERRED PAYMENT FACILITY

Shall mean the deferred payment facility granted by ALCATEL to KBI pursuant to Article 3.1 of the AGREEMENT.

EFFECTIVE DATE
Shall mean the date of completion of the conditions precedent as set forth in Article 11 hereof for PHASE 17.

EQUIPMENT

Shall mean the hardware items with associated software and technical documentation which ALCATEL is required to supply under INDENT 17.

EURIBOR

Shall mean in relation to any amount due under the DEFERRED PAYMENT FACILITY:

the applicable Screen Rate; or

(if no Screen Rate is available for the relevant period) the arithmetic mean of the rates (rounded upwards to four decimal places) as quoted to ALCATEL at its request by three leading banks in the European interbank market for the offering of deposits in Euro for a period comparable to the relevant period on the date on which the relevant amount was due, where

“Screen Rate” means the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, ALCATEL may specify another page or service displaying the appropriate rate.

EVENT OF DEFAULT

Shall mean each or any of the events set out in Article 13 of this AGREEMENT.

FRAME CONTRACT

Shall mean the Frame Contract No. II for the Supply of Switching, Radio or other Telecommunication Equipment dated 19 May 2000 for the supply of a DCS 1800 and/or GSM 900 Radio Telephone Communications System as amended by the First Amendment dated 04 July, 2000 and as further amended from time to time, the terms of which are known to VIMPELCOM.

GUARANTEE

Shall mean the Deed of Guarantee made by VIMPELCOM in favour of ALCATEL in respect of INDENT 17 of even date herewith, the terms of which are fully known and accepted by KBI.

INDENT

Shall mean Annex 5r for Phase 17 (Indent No. 17) to the FRAME CONTRACT of even date herewith, executed by ALCATEL and KBI under the FRAME CONTRACT defining the material list of EQUIPMENT to be supplied under INDENT 17.

K-TYPE ACCOUNT

Shall mean the account specified as such in Instruction No. 93-I of the Central Bank of the Russian Federation dated 12.10.2000.

LICENCE

Shall mean licence No. 10005 awarded by the Ministry of Communications of the Russian Federation to KB Impuls and valid until 28 April 2008 and extensions or renewal thereof to operate a DCS-1800 and/or GSM 900 radiotelephone communication system for Moscow city and the Moscow region, (comprising approximately 15 million inhabitants) and all permits necessary properly to exercise the LICENCE and to develop and operate such type of communication and such other licence, licences or other necessary permits as may be referred to in INDENT 17 and be necessary properly to operate all or part of the EQUIPMENT.

NON-RESIDENT BANK

Shall mean a bank established outside the Russian Federation that has a K-type Account with Citibank T/O, Moscow, or another Russian authorized bank, provided that ALCATEL has approved such bank.

PHASE 17

Shall mean Phase 17 (Indent 17) under the FRAME CONTRACT (for avoidance of doubt, being the twelfth phase under the FRAME CONTRACT and being numbered as 17, to continue numbering from the previous Frame Agreement between the Parties dated 25 May 1996).

PLEDGE AGREEMENT

Shall mean the Pledge Agreement between the parties dated 25 May 1996 as amended by the First Amendment dated 8 December 1999, the Second Amendment dated 19 May 2000, the Third Amendment dated 23 August 2000, the Fourth Amendment dated 7 September 2000, the Fifth Amendment dated 6 November 2000 and the Sixth Amendment dated 26 December 2000, the Seventh Amendment dated 7 February 2001, the Eighth Amendment dated 16 February 2001, the Ninth Amendment dated 22 March 2001, the Tenth Amendment dated 9 May 20001, the Eleventh Amendment dated 17 May 2001, the Twelfth Amendment dated 22 June 2001, the Thirteenth Amendment dated 20 July 1001, the Fourteenth Amendment dated 8 October 2001, the Fifteenth Amendment dated 29 October 2001, the Sixteenth Amendment dated 5 November 2001, the Seventeenth Amendment dated 12 November 2001, the Eighteenth Amendment dated 30 November 2001, the Nineteenth Amendment dated 08 January 2002, the Twentieth Amendment dated 08 January 2002 and the Twenty First Amendment of even date herewith and as further amended from time to time.

POTENTIAL EVENT OF DEFAULT

Shall mean any event or circumstance which, if continued after the giving of any notice and/or (as the case may be) the making of any determination would become an EVENT OF DEFAULT.

PROJECT

Shall mean the development of a large-scale DCS-1800 and/or GSM 900 radiotelephone communication network in Moscow city and the Moscow region and such other regions of the Russian Federation as may be designated by the FRAME CONTRACT or INDENT 17 in accordance with the LICENCE and FRAME CONTRACT.

ROUBLES

Shall mean the lawful currency of the Russian Federation.

SERVICES

Shall mean the network planning, site survey, installation and training to be provided for PHASE 17 under the SERVICES CONTRACT.

SERVICES CONTRACT

Shall mean the agreement for the provision of SERVICES in respect of the installation of the EQUIPMENT and related matters between KBI and the SERVICE PROVIDER.

VIMPELCOM

Shall mean Open Joint Stock Company "Vimpel-Communications", an open joint stock company organised under Russian law whose principal location/registered office is at 8 Marta Ulitsa, 10 building 14, Moscow 125083, Russia.

Any terms written in capitals in this AGREEMENT which have not been defined in this Article 1 shall unless the context otherwise requires have the meaning given to them in the FRAME CONTRACT.

ARTICLE 2 - PAYMENT TERMS

2.1 Payment Commitment

KBI irrevocably commits itself to pay to ALCATEL the price of the EQUIPMENT ordered by KBI under the INDENT 17, as expressed in Article 2.2 of this AGREEMENT.

All such payments will be made in EURO.

2.2 Payment terms for EQUIPMENT are as follows:

2.2.1 the sum of EURO 2.156.400 (two million one hundred and fifty six thousand and four hundred EURO) being 15% of the sum of EURO 14.376.000,— (fourteen million and three hundred seventy six thousand EURO) shall be paid by KBI to ALCATEL upon the presentation by ALCATEL of the corresponding invoice on the day falling 8 calendar days before the date of loading by ALCATEL for shipment to KBI of the first consignment of the EQUIPMENT (the "**START DATE PHASE 17**"). Such invoice may be presented by ALCATEL not earlier than 60 calendar days and not later than 10 calendar days before START DATE PHASE 17. ALCATEL shall obtain and together with such invoice provide KBI with the original of a guarantee to a maximum amount of EURO 2.156.400 (two million one hundred and fifty six thousand and four hundred EURO) from an international bank in respect of ALCATEL's obligation to return to KBI such down-payment or part of it, if within 90 calendar days from such down-payment EQUIPMENT for PHASE 17 delivered at the point of customs clearance in the City of Moscow or Moscow Region (Moskovskaya Oblast) is less in value than the amount of such down-payment.

2.2.2 the remainder of the price of the EQUIPMENT being the sum of EURO 12.219.600,— (twelve million and two hundred nineteen thousand and six hundred EURO) shall be paid by KBI to ALCATEL to an account specified by ALCATEL within 30 days of the arrival of the corresponding consignment of the EQUIPMENT at the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast). Notwithstanding the foregoing if ALCATEL shall have received written notice from KBI in accordance with Article 2.2.2 of INDENT 17 of the exercise of KBI's option to use the DEFERRED PAYMENT FACILTY and following satisfaction of the other conditions to effectiveness provided *inter alia* in Article 11 of this AGREEMENT then such sum shall be payable by KBI to ALCATEL in accordance with the other provisions of this AGREEMENT.

ARTICLE 3 - AMOUNT - CURRENCY - PURPOSE - UTILISATION

3.1 Amount

With effect on and from the EFFECTIVE DATE, ALCATEL agrees to grant to KBI the DEFERRED PAYMENT FACILITY for an aggregate amount of EURO 12.219.600,— (twelve million and two hundred nineteen thousand and six hundred EURO).

3.2 Currency

This DEFERRED PAYMENT FACILITY will be granted in EURO.

3.3 Purpose

ALCATEL and KBI agree that the DEFERRED PAYMENT FACILITY shall be exclusively used by KBI in order to finance the payments of the price of the EQUIPMENT stated in the invoices made by ALCATEL in accordance with the provisions of PHASE 17, INDENT 17 and the FRAME CONTRACT.

3.4 Utilisation

This DEFERRED PAYMENT FACILITY will be utilised subject in particular to the provisions of Articles 3.5 and 11 of the AGREEMENT and to the presentation by ALCATEL to KBI of the following documents for the relevant consignment of EQUIPMENT:

- a copy of the commercial invoice
- a copy of the shipping documents

The utilisation of the DEFERRED PAYMENT FACILITY shall be deemed to have been made by KBI for payments due by KBI pursuant to Article 2.2.2 hereof.

3.5 The DEFERRED PAYMENT FACILITY will only be available for utilisation if, on the proposed date for utilisation:

3.5.1 all representations and warranties in Article 10 have been complied with and would be correct if repeated on that date by reference to the circumstances then existing; and

3.5.2 no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT has occurred on or before that date or will occur as a result of that utilisation.

ARTICLE 4 - PERIOD OF UTILISATION OF THE DEFERRED PAYMENT FACILITY

The DEFERRED PAYMENT FACILITY shall be available in accordance with Article 3 hereof.

ARTICLE 5 - REIMBURSEMENT OF THE DEFERRED PAYMENT FACILITY

The amounts due by KBI under the DEFERRED PAYMENT FACILITY shall be repaid by KBI to ALCATEL as follows:

5.1 Principal: In 6 (six) equal and consecutive semi-annual installments, the first such installment becoming due six months after the DATE OF ACCEPTANCE provided that such first installment shall in any event become due no later than 10 June 2003;

5.2 Interest accruing on the full outstanding amount of the DEFERRED PAYMENT FACILITY shall be payable in arrears in full on the date for the repayment of each semi-annual installment of principal.

ARTICLE 6

[intentionally omitted]

ARTICLE 7 - INTEREST

7.1 Computation

Interest due in respect of the DEFERRED PAYMENT FACILITY will be computed at the following rate per annum:

6-month EURIBOR + 2.9%

Such interest will be calculated on a 365 over 360 day basis and the actual number of days elapsed.

7.1.1 In respect of the DEFERRED PAYMENT FACILITY:

For the calculation of interest there will be six consecutive interest periods. The first interest period shall be the period starting on the date falling 30 days after delivery of the first consignment of the EQUIPMENT to the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast) and ending on the date for the first repayment to be made pursuant to Article 5. Each subsequent interest period shall start on the last date of the preceding period and end on the next date for repayment to be made under PHASE 17 pursuant to Article 5.

7.1.2 The rate of interest in respect of the first interest period shall be the rate determined by Alcatel and notified to KBI by applying the above mentioned interest rate irrespective of the actual duration of such first interest period on the date falling 2 BUSINESS DAYS prior to the date falling 30 days after the delivery of the first consignment of EQUIPMENT (as the case may be) to the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast).

The rate of interest in respect of each subsequent interest period shall be the rate determined by ALCATEL according to this AGREEMENT and notified to KBI two BUSINESS DAYS prior to the commencement of such interest period.

If an interest period would otherwise end on a day which is not a BUSINESS DAY, that interest period will instead end on the next BUSINESS DAY.

7.2 Delayed payment

7.2.1 If KBI does not pay the sums payable under this AGREEMENT when due, it shall pay interest on the amount from time to time outstanding in respect of that overdue sum for the period beginning on its due date and ending on the date of its receipt by ALCATEL (both before and after judgment) in accordance with this Article 7.2.

7.2.2 Such interest shall be calculated and payable by reference to successive interest periods, each of which (other than the first, which shall begin on the due date) will begin on the last day of the previous period. Each such period will be for a duration of six months and the rate of interest applicable for a particular period will be EURIBOR (calculated on the first day of that interest period) plus 9 per cent per annum. For the avoidance of doubt interest payable under this Article 7.2 is payable in respect of the actual period in respect of which any delayed payment is outstanding and not in respect of 6 month periods.

7.2.3 Interest payable under this Article 7.2 shall be capitalised on the last day of each period in respect of which it is calculated and on the date of payment of the overdue sum. Any interest which is not paid when due will be added to the overdue sum and will itself bear interest accordingly.

ARTICLE 8 - FINANCIAL EXPENSES

All charges, fees and stamp duties (including legal fees) accruing in connection with the conclusion, implementation and enforcement of this AGREEMENT shall be paid by KBI on demand (or in the case of stamp duties) promptly and in any event before any interest or penalty becomes payable.

ARTICLE 9 - PAYMENTS

9.1 Prepayment

KBI may prepay all or part of the principal sums due under this AGREEMENT on any date, provided that:

9.1.1 KBI shall give to ALCATEL at least 30 (thirty) days' prior notice of each payment, specifying the principal amount to be prepaid and the date of proposed prepayment;

9.1.2 Each partial payment of principal shall be in aggregate amount a minimum of EURO 100,000 (one hundred thousand) and shall be a whole multiple of EURO 100,000 (one hundred thousand);

9.1.3 The interest on the principal prepaid, accrued to the date of prepayment, shall be repaid in full on the date of prepayment together with any other sum then due under the AGREEMENT.

All sums prepaid pursuant to this Article shall be applied in the reverse order of the maturity dates of all amounts outstanding under the DEFERRED PAYMENT FACILITY and in the same order as provided in Article 9.3 and interest shall be cancelled or adjusted accordingly.

No amount repaid whether under this or any other Article under this AGREEMENT may be redrawn.

Should, however, ALCATEL intend to assign all or part of its rights and obligations under this AGREEMENT for refinancing purposes as outlined in Article 18.2 hereinafter, it shall give written notice thereof to KBI. Upon receipt of such written notice KBI shall have the option within 30 calendar days to prepay all or part of the principal sums due hereunder by applying the prepayment rules stated herein above. Regarding any amount not prepaid by KBI to ALCATEL within such 30 day period such right to prepay shall be cancelled. Should KBI effect any prepayment after such 30 day period it shall indemnify ALCATEL or the assignee as the case may be for cost of broken funds.

9.2 Method of payment

Payments in favour of ALCATEL shall be made on the due date before 10.00 a.m. local time (Frankfurt time) on the account to be notified by ALCATEL or another account which shall be from time to time designated to KBI in writing with at least 30 (thirty) days advance notice.

If the due date is not a BUSINESS DAY, payment shall be made the next succeeding BUSINESS DAY unless the next BUSINESS DAY falls in the next succeeding calendar month, in which case the immediately preceding BUSINESS DAY shall be deemed to be the date of payment.

Payments will be paid in Euro.

At any time after an EVENT OF DEFAULT described in Article 13.2. of this AGREEMENT has occurred, amounts due under the DEFERRED PAYMENT FACILITY shall, upon receipt by KBI of a written notice from ALCATEL, be paid by KBI in ROUBLES to the K-type Account of a Non-Resident Bank. In this case, KBI shall pay to the K-type Account of the Non-Resident Bank an amount in ROUBLES that is sufficient to ensure that, after such ROUBLES have been converted into EUROS, and after any fees, commissions, expenses, conversion charges, costs and other amounts have been deducted (whether on account of banking services or otherwise), ALCATEL will receive an amount in EUROS equal to the amount in EUROS that is owing to it under the other provisions of this AGREEMENT. The obligations of KBI hereunder will only be discharged to the extent that ALCATEL receives into its account in Germany full payment in EUROS in relation to all amounts due hereunder.

For avoidance of doubts this provision is only an option for ALCATEL and does not create any rights for KBI.

9.3 Application of payment

Payments received from KBI shall be applied upon the then existing indebtedness of KBI pursuant to this AGREEMENT in the following order, in each case starting with the oldest maturities:

9.3.1 interest for late payment;

9.3.2 interest;

9.3.3 any other amount due pursuant to this AGREEMENT with the exception of principal;

9.3.4 principal;

9.3.5 principal in advance, in inverse chronological order of the maturity date of the instalments.

9.4 Taxes, Absence of Deductions

Notwithstanding that KBI shall pay the taxes on the amounts due to ALCATEL in accordance with the terms of Article 3.3 of the FRAME CONTRACT all payments by KBI pursuant to this AGREEMENT shall be made to ALCATEL free and clear of and without set-off or counterclaim and without deduction of any taxes, duties, withholdings or similar charges of any nature whatsoever, present or future, in Russia or any political subdivision thereof, unless KBI shall be compelled by law to make such deductions, in which case:

9.4.1 KBI shall pay such additional amounts as may be necessary in order that the net amounts received by ALCATEL shall equal the gross amounts of principal and interest agreed to be paid under this AGREEMENT as if no such deduction or withholding had taken place; and

9.4.2 KBI will immediately forward to ALCATEL written evidence of the payment of such deductions, taxes or duties withheld.

In any event the Parties shall cooperate in good faith in order to avoid any withholding or deduction (when lawful) and double taxation and shall provide to each other all documents reasonably required under the relevant legislation.

ARTICLE 10 - REPRESENTATIONS AND WARRANTIES

KBI acknowledges that ALCATEL has entered into this AGREEMENT in full reliance on the representations made by KBI in the following terms; and KBI now warrants and represents in favour of ALCATEL that:

10.1 KBI is duly registered and validly existing under the laws of the Russian Federation as a joint stock company and has power to carry on its business as it is now being conducted and to use and enjoy its property and other assets, and has satisfied all its tax obligations;

10.2 KBI has a LICENCE which authorizes it to carry out the PROJECT;

10.3 the execution, delivery and performance of this AGREEMENT, INDENT 17, the FRAME CONTRACT, the SERVICE CONTRACT and the Twenty First Amendment to the PLEDGE AGREEMENT are within its corporate powers, have been duly authorised by all necessary corporate action, and do not conflict with or violate any law, regulation, decree, ruling, judgment or order, or KBI founding documents, or any contract or other instrument binding upon KBI or any of its assets nor result in the creation or imposition of any lien or charge on any property of KBI, or result in the acceleration of any obligation, or in a condition or event which constitutes an event of default under any agreement or instrument binding upon KBI or conflict with any present liabilities of KBI;

10.4 INDENT 17, the FRAME CONTRACT, the SERVICE CONTRACT, this AGREEMENT and the Twenty First Amendment to the PLEDGE AGREEMENT to be delivered thereunder constitute the legal, valid and binding obligations of KBI, enforceable in accordance with their respective terms;

10.5 on the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY, all authorisations, consents, approvals and licences of all competent authorities in the Russian Federation will have been obtained, all material contracts necessary to the implementation of the LICENCE will be effective and all filings, registrations, recordings and notarisations, required or appropriate for the validity, delivery, performance, enforceability or admissibility in evidence in the courts of Russia of INDENT 17, the FRAME CONTRACT, the SERVICE CONTRACT, the GUARANTEE, this AGREEMENT and the Twenty First Amendment to the PLEDGE AGREEMENT to be delivered hereunder, will have been obtained and will be valid, and in full force and effect;

10.6 there is no litigation, arbitration or administrative proceeding in course or to the knowledge of the officers of KBI, pending or threatened against KBI which could have a material adverse effect on the BUSINESS, assets or financial status of KBI;

10.7 KBI is not in breach of any obligation under any agreement to which it is a party or by which it may be bound, which breach would affect the ability of KBI to perform any of its obligations under this AGREEMENT;

10.8 no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT has occurred and is continuing or will occur as a result of any utilisation under the DEFERRED PAYMENT FACILITY; nor is KBI, to an extent or in a manner which could affect the ability of KBI to perform any of its obligations under this AGREEMENT, in breach or default under any other agreement;

10.9 all information and reports furnished by KBI to ALCATEL under the AGREEMENT are true and accurate in all material respects and not misleading, and do not omit any material facts for which reasonable enquiries have been made to verify the accuracy of such assumptions;

10.10 KBI has the technical and commercial abilities to operate the PROJECT, and KBI either itself or through personnel of the Group that KBI is authorised to use has sufficient qualified management and technical personnel to support the execution and operation of the PROJECT;

The representations and warranties set out in this Article shall survive the signing and delivery of this AGREEMENT and the making of the DEFERRED PAYMENT FACILITY and shall be deemed repeated until KBI's obligations hereunder shall have irrevocably terminated in accordance with the terms of this AGREEMENT.

ARTICLE 11 - CONDITIONS OF EFFECTIVENESS

11.1 The obligation of ALCATEL to provide the DEFERRED PAYMENT FACILITY hereunder is subject to the conditions precedent that:

11.1.1 ALCATEL shall have received written notice from KBI pursuant to and in accordance with Article 2.2.2 of INDENT 17, of the exercise of KBI's option to use the DEFERRED PAYMENT FACILITY.

11.1.2 to the extent that KBI exercises its option to finance INDENT 17 thereby, obtaining by VIMPELCOM and KBI of all necessary shareholder and other internal consents and authorisations (in each case in a form reasonably satisfactory to ALCATEL) in connection with preparation, negotiation and signing of this AGREEMENT, the Twenty First Amendment to the PLEDGE AGREEMENT and the GUARANTEE;

11.1.3 INDENT 17, the GUARANTEE, this AGREEMENT and the Twenty First Amendment to the PLEDGE AGREEMENT have been signed in a form and substance satisfactory to ALCATEL;

11.1.4 ALCATEL shall have received payment in full of the amount due from KBI in accordance with Article 2.2.1; and

11.1.5 to the extent that any EQUIPMENT has been delivered to KBI under INDENT 17 or the FRAME CONTRACT prior to or on the date of the satisfaction of the conditions precedent contained in Articles 11.1.1, 11.1.2, 11.1.3 and 11.1.4 ALCATEL shall have received an extract from the register of pledges of KBI evidencing the restriction of a hard pledge over such EQUIPMENT securing KBI's obligations under this AGREEMENT and the Deferred Payment Agreement between the parties dated 25 May 1996 as amended from time to time.

11.2 The obligation of ALCATEL to continue to provide the DEFERRED PAYMENT FACILITY and to make further deliveries under the terms of the FRAME CONTRACT and INDENT 17 on deferred payment terms is subject to the conditions precedent that arising on the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY:

11.2.1 no breach of covenant or EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT within the meaning of Article 12 and 13 hereinafter, shall have occurred and be continuing on the date of the DEFERRED PAYMENT FACILITY;

11.2.2 the representations and warranties made by KBI, as set forth in Article 10 hereof, and made by VIMPELCOM under the GUARANTEE shall be true and correct on and as of the date of the making of the DEFERRED PAYMENT FACILITY with the same force and effect as if made on and as of such date;

11.2.3 the conditions of effectiveness defined in paragraph 11.1 above continue to be satisfied and that nothing has occurred (and which may have a substantial impact on the performance hereof) which would restrict (i) KBI's ability to perform its obligations hereunder or under the FRAME CONTRACT, the SERVICE CONTRACT or INDENT 17 or to operate the EQUIPMENT or to effect repayments hereunder, (ii) VIMPELCOM's ability to perform their respective obligations under the GUARANTEE; and

11.2.4 ALCATEL shall have received the names and specimen signatures of KBI's representatives who are duly authorised to sign the documents required under this AGREEMENT, duly authenticated by a notary in accordance with Russian legislation approved by ALCATEL.

11.3 ALCATEL will notify KBI in writing at such time as all the above conditions precedent have been fulfilled.

ARTICLE 12 - COVENANTS

KBI hereby covenants that as of the date of this AGREEMENT and as long as any amount remains due by it pursuant to this AGREEMENT:

12.1 KBI shall obtain all authorisations, orders, consents and approvals which may be required after the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY for the fulfilment of any of its obligations hereunder and for KBI to implement the PROJECT and to exercise its rights effectively under the LICENCE;

12.2 KBI shall not merge with another company or reorganise or voluntarily liquidate without ALCATEL's prior written consent;

12.3 KBI shall promptly inform ALCATEL of litigation, arbitration, or administrative or other legal or extra judiciary proceedings filed upon it or any of its assets which may materially affect KBI's ability to perform its obligations hereunder or ALCATEL's rights hereunder including in relation to insolvency, administration, arrest or enforcement against KBI or any of its property or assets;

12.4 promptly upon becoming aware of the same, give written notice to ALCATEL of the occurrence of any EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT;

12.5 KBI shall create a charge on the EQUIPMENT and replacement thereof, to the benefit of ALCATEL as security for the payment of all amounts due to ALCATEL hereunder. Such charge shall be made in accordance with the laws of Russia and at the earliest time permitted thereunder and duly registered in KBI's books and mentioned in KBI's audited accounts and in KBI's pledge book to be maintained in accordance with Russian legislation and made available to any creditor or interested third party. KBI shall be obliged to register such pledge in respect of all of the EQUIPMENT and shall promptly supply ALCATEL with a certified extract from KBI's pledge book in respect of such registration within 21 days of delivery of the relevant EQUIPMENT;

12.6 Other than the charge defined in 12.5 above KBI shall not create or permit to exist any mortgage, security interest, title retention agreement or other lien, charge or encumbrance with respect to any piece of the EQUIPMENT and replacement thereof. KBI shall register this negative pledge in its books and in KBI's pledge book to be maintained in accordance with Russian legislation and mention the same in its audited accounts.

12.7 KBI shall maintain the EQUIPMENT and shall take all necessary measures and precautions that are reasonably required in order to prevent direct or indirect damage to or loss of all equipment supplied by ALCATEL to KBI and comprising the NETWORK, and KBI shall insure the EQUIPMENT in the currency and in the amount of its purchase price;

12.8 disregarding sales of stock in trade in the ordinary course of business, KBI shall not sell, lease (other than permitted by ALCATEL by written waiver), transfer or otherwise dispose of, by one or more transactions or series of transactions (whether related or not) the whole or any substantial part of the BUSINESS or its assets which materially affects KBI's ability to perform its obligations hereunder or ALCATEL's rights under this AGREEMENT;

12.9 Other than permitted by ALCATEL by written waiver KBI shall not permit any future indebtedness for borrowed moneys, guarantee or other obligations of KBI which may materially adversely affect KBI's ability to perform its obligations hereunder. Should KBI prefer in order to avoid any doubt to make request for Alcatel's permission in respect to borrowings from VIMPELCOM, such permission shall be deemed to have been given by ALCATEL, if within 10 days of receipt by ALCATEL of a written request for such permission KBI has not received a written reply to its request.

12.10 Other than permitted by ALCATEL by written waiver KBI will not at any time create, permit to be created, incur, assume or suffer to exist any lien, mortgage, pledge, charge, security interest, hypothecation or other ENCUMBRANCE upon or with respect to any revenues or properties or with respect to the right to receive income (now existing or hereafter arising) as security for any debt of KBI;

12.11 The sums due under the DEFERRED PAYMENT FACILITY shall constitute secured obligations of KBI and shall at all times rank pari passu and without any preference among themselves. The payment obligations of KBI under the DEFERRED PAYMENT FACILITY shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all their respective other present and future secured and unsubordinated obligations;

12.12 KBI will deliver to ALCATEL:

12.12.1 as soon as they become available (and in any event within 180 days of the end of each of VIMPELCOM's fiscal years), the consolidated balance sheet of the Group as at the close of that fiscal year and the Group's consolidated income statement of changes in financial position for that fiscal year, prepared in accordance with generally accepted principles of International Accounting Standards (IAS) or United States Generally Accepted Accounting Principles (US GAAP), applied on a basis consistent with that used in preparing the Group's audited consolidated financial statements for prior years (or together with disclosure of changes in accounting policy since audited financial statements for prior years), certified by Ernst & Young licensed accounting firm or by another firm of independent accountants of international standing selected by VIMPELCOM and acceptable to ALCATEL as fairly presenting the financial condition of the Group on a consolidated basis as at the close of that fiscal year and the results of the Group's operations for that fiscal year on consolidated basis (the **"Annual Statements"**). The certification shall include or be accompanied by a statement that, during the examination by that firm of those financial statements, the firm observed or discovered no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT as defined in Article 13 - Supervision & Termination - of the AGREEMENT or a detailed description of any EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT if any is observed or discovered;

12.12.2 as soon as they become available (and in any event within 90 days of the end of each of VIMPELCOM's financial half-years), copies of the Group's financial statements for that half-year which shall contain a consolidated income statement and a consolidated balance sheet of the Group;

12.12.3 promptly, such additional financial or other information as ALCATEL may from time to time request.

For the purposes of sub-Articles 12.12.1 and 12.12.2 as well as Article 10.10 the term **"Group"** shall mean VIMPELCOM, its subsidiaries and subsidiary undertakings as defined in accordance with International Accounting Standards or United States Generally Accepted Accounting Principles as the case may be.

12.13 ALCATEL will have the right to audit, or to have audited, through an international audit company selected by ALCATEL, at KBI's Premises but at ALCATEL's expense, the fiscal statements, books and other financial documentation and information of KBI;

12.14 KBI shall not use the EQUIPMENT delivered under the FRAME CONTRACT for any other purposes than those set forth in the LICENCE; and

12.15 KBI will ensure that there is no material change in the nature of the BUSINESS (whether by a single transaction or a number of related or unrelated transactions, whether at one time or over a period of time and by disposal, acquisition or otherwise); and

12.16 KBI shall not make dividend payments to VIMPELCOM or any other direct or indirect shareholder; provided, that so long as no EVENT OF DEFAULT exists and is continuing under this AGREEMENT and no "event of default" or "guarantor default" (as defined therein) exists and is continuing under any other Deferred Payment Agreement entered into by KBI and ALCATEL or the GUARANTEE or any other Guarantee given by VIMPELCOM in favor of ALCATEL, in each case in connection with the FRAME CONTRACT, KBI may pay dividends in any year in an amount not greater than 80% of the net profit of KBI for such year.

ARTICLE 13 - SUSPENSION - TERMINATION - EVENTS OF DEFAULT

13.1 ALCATEL shall have the right at its sole discretion to terminate the DEFERRED PAYMENT FACILITY upon the occurrence of an EVENT OF DEFAULT as defined in Article 13.2 hereunder. In such case the repayment of all amounts due under the DEFERRED PAYMENT FACILITY as the case may be may be accelerated by written notice of ALCATEL and become due and payable immediately upon such notice and any other agreement between KBI and ALCATEL may be terminated by ALCATEL.

ALCATEL may in its sole discretion elect not to terminate but to suspend this AGREEMENT on an EVENT OF DEFAULT. On suspension by ALCATEL of this AGREEMENT ALCATEL may agree without prejudice to its right to terminate or require repayment of all sums due in connection herewith on demand, to defer repayments of interest, capitalized interest or principal provided that interest shall continue to accrue on such sum in the manner provided herein.

13.2 The following events shall each be deemed to be an EVENT of DEFAULT under this AGREEMENT:

13.2.1 any failure by KBI to repay any amount due to ALCATEL under this AGREEMENT, the SERVICE CONTRACT or any INDENT to the FRAME CONTRACT or the Deferred Payment Agreements related thereto (Indent 5 Deferred Payment Agreement, Indent 6 Deferred Payment Agreement, Indent 7 Deferred Payment Agreement, Indent 8 Deferred Payment Agreement, Indent 9 Deferred Payment Agreement, Indent 10 Deferred Payment Agreement, Indent 11 Deferred Payment Agreement, Indent 13 Deferred Payment Agreement, Indent 14 Deferred Payment Agreement, Indent 15 Deferred Payment Agreement and the Indent 16 Deferred Payment Agreement), the Frame Contract dated 25 May 1996 as amended from time to time, any Indents thereto or the Deferred Payment Agreement dated 25 May 1996 as amended from time to time within ninety (90) days after the date on which it becomes due and payable;

13.2.2 any default, other than failure to repay (which if capable of remedy, is not remedied and continues for a period of 15 (fifteen) days after receipt of notice from ALCATEL requiring remedy and which may have a substantial impact on the performance hereof) in the performance of any covenant or obligation on the part of KBI under this AGREEMENT or any other agreement (in each case as amended and as further amended from time to time) between KBI and ALCATEL including the FRAME CONTRACT, any INDENT, the SERVICE CONTRACT, the Frame Contract dated 25 May 1996, any Indents thereto, the Deferred Payment Agreement dated 25 May 1996, the Indent 5 Deferred Payment Agreement dated 23 August 2000, the Indent 6 Deferred Payment Agreement dated 7 September 2000, the Indent 7 Deferred Payment Agreement dated 26 December 2000, the Indent 8 Deferred Payment Agreement dated 16 February 2001, the Indent 9 Deferred Payment Agreement dated 9 May 2001, the Indent 10 Deferred Payment Agreement dated 22 June 2001, the Indent 11 Deferred Payment Agreement dated 20 July 2001, the Indent 13 Deferred Payment Agreement dated 5 November 2001, the Indent 14 Deferred Payment Agreement dated 12 November 2001, the Indent 15 Deferred Payment Agreement dated 08 January 2002 and the Indent 16 Deferred Payment Agreement dated 08 January 2002 or the PLEDGE AGREEMENT including failure to register the pledge created in accordance with the terms of the PLEDGE AGREEMENT in respect of any EQUIPMENT.

13.2.3 any default (which, if capable of remedy is not remedied and continues for a period of 15 (fifteen) days after receipt of notice from ALCATEL requiring remedy) in the performance of any covenant or obligation on the part of VIMPELCOM under the GUARANTEE or the Deeds of Guarantee issued by VIMPELCOM in respect of the Indent 5 Deferred Payment Agreement dated 23 August 2000 or the Indent 6 Deferred Payments Agreement dated 7 September 2000, the Indent 7 Deferred Payment Agreement dated 26 December 2000, the Indent 8 Deferred Payment Agreement dated 16 February 2001, the Indent 9 Deferred Payment Agreement dated 9 May 2001, the Indent 10 Deferred Payment Agreement dated 22 June 2001, the Indent 11 Deferred Payment Agreement dated 20 July 2001, the Indent 13 Deferred Payment Agreement dated 5 November 2001, the Indent 14 Deferred Payment Agreement dated 12 November 2001, the Indent 15 Deferred Payment Agreement dated 08 January 2002 and the Indent 16 Deferred Payment Agreement dated 08 January 2002 in each case between ALCATEL and KBI or the Guarantors under the Deed of Guarantee issued in respect of the Deferred Payment Agreement dated 25 May 1996 between ALCATEL and KBI as amended from time to time

13.2.4 any representation, warranty or statement by KBI in this AGREEMENT or in any document delivered hereunder or by VIMPELCOM under the GUARANTEE is not complied with or is or proves to have been incorrect when made or deemed repeated;

13.2.5 nationalisation, seizure or expropriation of KBI or a substantial part of its assets;

13.2.6 bankruptcy, voluntary liquidation, reorganisation or liquidation by decree of court of KBI;

13.2.7 default of KBI under any indebtedness of KBI or VIMPELCOM under any indebtedness for borrowed money exceeding USD 100,000 or equivalent or under any other indebtedness exceeding USD 1 million or equivalent;

13.2.8 imposition of any exchange control mechanism which would prevent or substantially delay payments in convertible currencies by KBI;

13.2.9 loss or expiry of the LICENCE (or modification thereto which has an adverse impact on the financial capacity of KBI to repay any amount due to ALCATEL hereunder) or non-compliance by KBI of its obligations under the LICENCE or the termination of any material agreement, permission or consent necessary to undertake the BUSINESS encompassed by the PROJECT and this AGREEMENT;

13.2.10 Taking into account VIMPELCOM's support and the GUARANTEE a deterioration in the financial condition of KBI or of VIMPELCOM or either of the same has occurred and as a consequence thereof ALCATEL considers that KBI or VIMPELCOM or either of the same are unable or unwilling to perform their obligations in respect of their respective obligations under the GUARANTEE, or if the GUARANTEE becomes or is claimed by those persons to be, invalid and/or unenforceable or is otherwise repudiated by those persons;

13.2.11 change of ownership or control of KBI without ALCATEL's written consent which shall not be unreasonably withheld. Change of ownership or control of KBI shall be determined in accordance with the rules of the International Accounting Standards and shall be deemed for these purposes to include, but not be limited to, the acquisition of any shares in KBI (or rights, securities or investments convertible or exchangeable into, or providing the right to acquire such shares) by any competitor of ALCATEL in the mobile telecommunications equipment manufacturing field or the making any other management, shareholders', voting or other arrangement conferring the right on such competitor to influence materially management decisions of KBI provided that any such acquisition or arrangement made by Telenor AS (or its successors in title) or a member of the Telenor AS group shall be disregarded for this purpose;

13.2.12 any consent or approval necessary for the performance hereof or of the GUARANTEE is not obtained, ceases to be in full force and effect or is not complied with or it becomes unlawful for KBI or VIMPELCOM to perform or comply with the respective obligations hereunder or under the GUARANTEE

13.2.13 any litigation or other proceeding is current, pending or threatened in connection hereunder or which has or could have a material adverse effect on KBI with respect to the PROJECT;

13.2.14 any resolution of KBI or any other person or governmental body or agency (each having such authority under applicable law) on the following matters without the approval of ALCATEL:

(i) the appointment of an administrator in respect of KBI or the liquidation or reorganisation of KBI or presentation of any petition for the winding-up of KBI or any of its subsidiaries which is material to the BUSINESS;

(ii) the acquisition by KBI of any assets or property (other than in the ordinary course of business) save where such acquisition has been specifically identified and approved in the annual operating budget of KBI or VIMPELCOM as amended from time to time;

(iii) the acquisition by KBI of any charter capital or other securities of any legal person or organisation or of any business of any legal person or organisation, the disposal by KBI of any participation in the charter capital or of other securities of any other subsidiary of KBI;

(iv) the sale or disposition of any fixed assets of KBI (other than in the ordinary course of the Business) save where a disposal has been specifically identified and approved in the annual operating budget of KBI or VIMPELCOM as amended from time to time and save as provided in the PLEDGE AGREEMENT and any pledge of the EQUIPMENT;

(v) the giving by KBI of any guarantee or indemnity which may materially adversely affect KBI's ability to perform its obligations hereunder;

(vi) the making by KBI of any contract of a material nature other than in the ordinary course of its BUSINESS;

(vii) the making by KBI of any material contract with a shareholder of KBI or affiliated person of VIMPELCOM or any variation of such a contract; provided, however, that this clause shall not apply to service agreements between KBI and VIMPELCOM as defined in the Cover Letter (as defined in that certain letter dated 15 February 2002, from KBI to and agreed and consented to by ALCATEL), concluded in the ordinary course of business. For the avoidance of doubt, this Article 13.2.14(vii) shall also not apply to agreements relating to indebtedness permitted under Article 12.9 of this AGREEMENT;

(viii) the making of any loan or advance to any person, firm, legal persons or organisations or other business other than (x) reasonable loans or advances at arm's length to employees of KBI for social support purposes; or (y) lending operations of not more than 6 months' duration carried out for the purpose of the management of the current financial assets of KBI and/or VIMPELCOM and comprising deposits placed with banks, down payments for supplied goods or services (including purchases of telecommunication or related equipment) or cash advances by KBI to VIMPELCOM (such cash advances being deposits/lending repayable on demand and made for the purposes of pooling cash resources or complying with tax obligations), in each case such loan or advance to rank at least pari passu with all of VIMPELCOM's other unsecured and unsubordinated obligations and not to be of a financing nature;

(ix) the reduction of its charter capital or any redemption, purchase or other acquisition by KBI of any shares or other securities of KBI of an equity nature;

(x) the taking of any action or inaction by which the charter capital of KBI falls below the minimum set by law or by which the net assets of KBI have a value lower than the charter capital of KBI at the time; or

13.2.15 the payment or declaration by KBI of any dividend or other distribution in respect of shares in KBI; however, KBI is entitled to pay dividends as outlined in Art. 12.16 hereof.

ARTICLE 14 - MISCELLANEOUS PROVISIONS

[intentionally omitted]

ARTICLE 15 - WAIVER - RIGHTS CUMULATIVE

Failure or delay by ALCATEL to exercise any right, power or privilege under this AGREEMENT shall not constitute waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this AGREEMENT preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

ARTICLE 16 - NOTICES

All notices, requests, demands or other communications in connection with this AGREEMENT shall be by telex, telegraph, telefax, or cable or in writing and telexed, telegraphed, cabled, insured by hand delivery, telefaxed or delivered to the intended recipient at the following addresses:

If to KBI

Att. The President | telephone +7 095 212 0512 | telefax +7 095 214 0962

8 Marta ulitsa 10
Moscow 125083
Russian Federation

If to ALCATEL

Att. H - G Proehl (ZRV/VT) | telephone +49 711 821 42816 | telefax +49 711 821 44485

Lorenzstrasse 10
70435 Stuttgart
Germany

or, as to any party, at such other address as shall be designated by such party in a notice to all other parties.

Except as otherwise expressly provided herein, all notices and other communications shall be deemed to have been duly given on the next working day of the recipient when transmitted by telex, telegram, cable or on the day of remittance when hand delivered or, in the case of insured by hand delivery on receipt.

ARTICLE 17 - LANGUAGE

This AGREEMENT has been executed in 2 counterparts in English. One executed counterpart in English has been delivered to each party to this AGREEMENT. A Russian language version of this AGREEMENT may be prepared at a future time and concluded. In the interpretation of this AGREEMENT the English text shall prevail.

All notices, requests, demands or other communications in connection with this AGREEMENT shall be in English language.

ARTICLE 18 - SUCCESSORS AND ASSIGNS

18.1 This AGREEMENT shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assignees, provided however that the parties or any of them may not assign their rights or obligations hereunder without prior written consent of the other party, except as otherwise provided in Articles 18.2 and 18.3.

18.2 ALCATEL shall have the right to assign all or part of its rights and obligations hereunder to internationally reputable financing institutions for refinancing purposes upon delivery of written notice thereof to KBI.

18.3 ALCATEL's rights and obligations hereunder may be assigned to ALCATEL S.A., a company organised and existing under the laws of France with its head office at 54 Rue La Boetie, 75008 Paris, France or to any other company which is controlled by ALCATEL S.A upon delivery of written notice thereof to KBI.

For the purposes of this Clause 18.3 the term controlled shall mean ownership of more than fifty (50) per cent of the shares of a company with a right to vote or control through management or other agreements (a SUBSIDIARY). The term controlled shall also include a company of which more than fifty (50) per cent of the shares with a right to vote are held by a SUBSIDIARY or where such company is controlled by the SUBSIDIARY through management or other agreements.

ARTICLE 19 - PARTIAL INVALIDITY

Any provision of this AGREEMENT which would be prohibited or unenforceable shall not invalidate the remaining provisions hereof or affect the validity or enforceability or such provisions. The Parties shall endeavour to amend the faulty provision so that it becomes enforceable in keeping with the general intent of the Parties.

ARTICLE 20 - SOLE AGREEMENT

This AGREEMENT, when signed by the authorised representatives of all parties, shall constitute the sole agreement between them regarding the object of this AGREEMENT, superseding all prior agreements, arrangements and understandings with respect to the subject matters of this AGREEMENT.

No amendment to this AGREEMENT or to any of the Exhibits shall be effective unless stated in writing and signed by authorised representatives of both parties.

A person who is not a party to the this AGREEMENT as amended from time to time has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this AGREEMENT except and to the extent (if any) that this AGREEMENT expressly provides for such Act to apply to any of its terms.

ARTICLE 21 - CONFIDENTIALITY

21.1 All communications between the parties, VIMPELCOM and/or any of them and all information and other materials supplied to or received by any of them from the others which is either marked “confidential” or is by its nature intended to be for the knowledge of the recipient alone, and all information concerning the business transactions and the financial arrangements of the parties or VIMPELCOM with any person with whom any of them is in a confidential relationship with regard to the matter in question coming to the knowledge of the recipient shall be kept confidential by the recipient unless or until the recipient party can reasonably demonstrate that any such communication, information and material is, or part of it is, in the public domain through no fault of its own, whereupon to the extent that it is in the public domain or is required to be disclosed by law or in pursuance of employment duties or to auditors or professional advisers, this obligation shall cease.

21.2 The parties shall use all reasonable endeavours to procure the observance of the above-mentioned restrictions and shall take all reasonable steps to minimise the risk of disclosure of confidential information, by ensuring that only they themselves and such of their employees and directors whose duties will require them to possess any of such information shall have access thereto, and will be instructed to treat the same as confidential.

21.3 The obligation contained in this Article 21 shall endure, even after the termination of this AGREEMENT, without limit in point of time except and until such confidential information enters the public domain as set out above.

21.4 Notwithstanding Articles 21.1 to 21.3, the parties and VIMPELCOM may at any time disclose any such information and communications only to third parties concerned

(a) at the lawful request of any Governmental or Regulatory Authority;

(b) when required to do so in accordance with the provisions of applicable law, rule or regulation;

(c) to the parties’ and VIMPELCOM’s independent auditors, counsel and other professional advisers on a “need to know” basis; or

(d) to any person to whom ALCATEL transfers, or may potentially transfer, any of its rights or obligations hereunder.

ARTICLE 22 - LAW AND JURISDICTION

This AGREEMENT shall be governed by and construed and interpreted in accordance with the laws of England.

Any dispute which cannot be settled amicably shall be finally settled under the rules of Conciliation and Arbitration of the International Chamber of Commerce by three arbitrators, designated in accordance with the said rules. The award shall be finally binding on the Parties. The arbitration shall take place in Geneva in English.

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed by their duly authorised representatives.

ALCATEL SEL AG	**Open joint stock company "KBI Impuls"**
Mobile Networks Division	
Name: Helmut Bast	Name: Sergey Avdeev
Signature:	Signature:
Name: Mario Querner	
	Name: Vladimir Bichenkov (Chief Accountant)
Signature:	Signature:

Filename: d56093_ex4-42.htm
Type: EX-4.42
Comment/Description: Deed of Guarantee, Indent 17
(this header is not part of the document)

Exhibit 4.42

27 March 2002
ZRV/TPF DrWa/dh
Ex 4.42

Deed of Guarantee

Indent 17 Deferred Payment Agreement

This Deed Poll is given on 27 March 2002 by **Open joint stock company "Vimpel-Communications"** registered at 8 Marta Ulitsa 10, building 14, Moscow 125080, Russia (the "**Guarantor**") in favour of Alcatel SEL AG ("**Alcatel**") in relation to certain obligations of **Open joint stock company "KB Impuls"** (the "**Company**").

1 INTERPRETATION

1.1 Definition

In this Deed:

Business means the business of providing the services of a DCS-1800 and/or GSM 900 cellular radio telephone network in the city of Moscow and Moscow region and such other regions of the Russian Federation as may be designated by Indent 17;

Deferred Payment Agreement means the Indent 17 deferred payment agreement of even date herewith between the Company and Alcatel;

Dissolution of a person includes the bankruptcy, insolvency, liquidation, winding-up, amalgamation, reconstruction, reorganisation, administration, administrative or other receivership or dissolution of that person, and any equivalent or analogous proceeding by whatever name known and in whatever jurisdiction;

Facility Documents means this Deed, the Deferred Payment Agreement, the Indent 5, Indent 6, Indent 7, Indent 8, Indent 9, Indent 10, Indent 11, Indent 13, Indent 14, Indent 15 and Indent 16 Deferred Payment Agreements between Alcatel and the Company dated August 23, 2000, September 7, 2000, December 26, 2000, February 16, 2001, May 9, 2001, 22 June, 2001, 20 July 2001, 5 November 2001, 12 November 2001, 08 January 2002 and again 08 January 2002 respectively; the Deeds of Guarantee issued by the Guarantor in respect thereof, the Deferred Payment Agreement between Alcatel and the Company dated May 25, 1996 as amended, the Deed of Guarantee issued by *inter alia* the Guarantor in respect thereof as amended and the Pledge Agreement between Alcatel and the Company dated May 25, 1996 as amended, in each case as further amended from time to time;

Indent 17 means Annex 5r for Phase 17 (Indent No. 17) to the Frame Contract No. II for supply of Switching, Radio or other Telecommunication Equipment between Alcatel and the Company dated of even date hereof as amended from time to time; and

Proceedings means any proceeding, suit or action arising out of or in connection with this Deed.

1.2 Construction

The headings shall be ignored in construing this Deed.

2 Guarantee and Indemnity

2.1 Guarantee

The Guarantor unconditionally and irrevocably guarantees to Alcatel that, if for any reason at any time or from time to time the Company does not pay any sum due, owing or payable or expressed to be due, owing or payable by it in accordance with the Deferred Payment Agreement to Alcatel by the time, on the date and otherwise in the manner specified (whether on the normal due date, on acceleration or otherwise) in the Deferred Payment Agreement, it will pay that sum upon receipt of a written demand from Alcatel.

2.2 Guarantor as Principal Debtor

As an original and independent obligation under this Deed and without prejudice to any other provision in this Deed, the Guarantor shall be liable under this Deed as if it were the sole principal debtor and not merely a surety. Accordingly, it shall not be discharged, nor shall its liability be affected, by anything which would discharge it or affect its liability if it were the sole principal debtor including:

2.2.1 any time, indulgence, concession, waiver or consent at any time given to the Company or any other person;

2.2.2 any amendment of, supplement to or waiver or release granted under or in connection with any agreement or to any security or other guarantee;

2.2.3 the making or absence of any demand on the Company or any other person for payment;

2.2.4 the enforcement, or absence of enforcement, of this Deed or of any security or other guarantee;

2.2.5 the taking, existence, holding, failure to take or hold, varying, realisation, non-perfection or release by Alcatel or any other person of any security or other guarantee and/or indemnity;

2.2.6 the Dissolution of the Company or any other person;

2.2.7 any change in the constitution of the Company;

2.2.8 the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Company or any other person or which the Company may have at any time against Alcatel, whether in connection with Indent 17, the Facility Documents or otherwise;

2.2.9 the granting by Alcatel to the Company of any other financial accommodation or the withdrawal or restriction by Alcatel of any financial accommodation, or the absence of any notice to the Guarantor of any such granting, withdrawal or restriction;

2.2.10 any arrangement or compromise entered into by Alcatel with the Company or any other person; or

2.2.11 any other thing done or omitted or neglected to be done by Alcatel or any other person or any other dealing, fact, matter or thing (including, but without limitation, any circumstances whatsoever affecting or preventing recovery of amounts due, owing or payable in respect of the Facility Documents) which, but for this provision, might operate to exonerate or discharge the Guarantor from, or otherwise prejudice or affect, the Guarantor’s obligations under this Deed.

2.3 Guarantor's Obligations Continuing

The Guarantor's obligations under this Deed are and will remain in full force and effect by way of continuing security until no sum is or may become due, owing or payable by the Company to Alcatel, and Alcatel has irrevocably received or recovered all sums payable, in respect of the Facility Documents. Furthermore, those obligations of the Guarantor are additional to, and not instead of, any security or other guarantee and/or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise, and may be enforced without first having recourse to the Company, any other person, any security, other guarantee and/or indemnity without taking any steps or proceedings against the Company or any other person, and without resorting to any other means of payment.

2.4 Avoidance of Payments

The Guarantor shall within two working days from receipt by the Guarantor of a written demand from Alcatel indemnify Alcatel against any funding or other cost, loss, expense or liability sustained or incurred as a result of it being required for any reason (including any bankruptcy, insolvency, winding-up or similar law of any jurisdiction) to refund all or part of any amount received or recovered by it in respect of the sums payable by the Company in respect of the Deferred Payment Agreement and shall in any event pay to Alcatel within two working days from receipt by the Guarantor of a written demand from Alcatel that amount so refunded by it.

2.5 Suspense Accounts

For the purpose of enabling Alcatel to maximise its recoveries in any actual or potential Dissolution, any amount received or recovered or realised by Alcatel (otherwise than as a result of a payment by the Company) in respect of any sums payable by the Company in respect of the Facility Documents may be placed by Alcatel in an interest bearing suspense account without any obligation on its part to apply the same in or towards the discharge of sums due in respect of the Facility Documents and without any right on the part of the Guarantor to sue the Company or any other surety or to prove in the Dissolution of the Company or any other surety in competition with or so as to diminish any advantage that would or might come to Alcatel, or to treat the liability of the Company or any other surety as diminished. That amount may be kept there (with any interest earned being credited to that account) unless and until Alcatel is satisfied that it is not obliged to pay any further sum and that it has irrevocably received or recovered its share, all interest accrued thereon and any other sums payable to it.

2.6 Indemnity

As separate, independent and alternative stipulations, the Guarantor unconditionally and irrevocably agrees:

2.6.1 that any sum which, although expressed to be payable by the Company to Alcatel in respect of the Facility Documents, is for any reason (whether or not now existing and whether or not now known or becoming known to any party) not recoverable from the Guarantor on the basis of a guarantee shall nevertheless be recoverable from it as if it was the sole principal debtor and shall be paid by it to Alcatel upon receipt by the Guarantor of a written demand from Alcatel whether or not it has attempted to enforce any rights against the Company or any other person or otherwise; and

2.6.2 as a primary obligation to indemnify Alcatel and to keep Alcatel indemnified against any loss, cost, expense or liability of whatever kind suffered by it as a result of any sum expressed to be payable by the Company in accordance with the Facility Documents not being paid by the time, on the date and otherwise in the manner specified in the Facility Documents or any payment obligation of the Company being or becoming void, voidable, ineffective or unenforceable for any reason (whether or not now existing and whether or not now known or becoming known to any party and including, but without limitation, all reasonable legal and other costs, charges and expenses reasonably incurred by Alcatel in connection with preserving or enforcing its rights under this Deed).

2.7 Taxes

All sums payable by the Guarantor under this Deed shall be paid free of any restriction or condition and free and clear of and (except to the extent required by law) without any deduction or withholding for or on account of Taxes or any counterclaim. If (i) the Guarantor is required by law at any time to deduct or withhold any Relevant Taxes from any sum paid or payable by it under this Deed or (ii) Alcatel (or any person on its behalf) is required by law to make any payment of or in respect of any Relevant Tax (except on account of Tax on the overall net income of Alcatel or such person) on or calculated by reference to the amount of any sum received or receivable by it under this Deed (a) the Guarantor shall notify Alcatel of any such requirement or any change in such requirement as soon as the Guarantor becomes aware of it, (b) the Guarantor shall pay the required deduction, withholding or payment to the appropriate authority before the date on which penalties attach thereto, (c) the Guarantor shall pay such additional amount as is necessary to ensure that Alcatel receives on the due date and retains free from any liability (other than taxes on its overall net income) a sum equal to that which it would have received and so retained had no such deduction or withholding been required or made and (d) forthwith after the due date of any payment referred to in (b) above, the Guarantor shall deliver to the Company evidence satisfactory to Alcatel that such payment has been made (including all relevant Tax receipts if they are available).

For the purposes of this Clause 2.7, **Relevant Tax** means any Tax imposed by any authority of or within (i) Russia, (ii) any jurisdiction claiming the right to impose any Tax by virtue of any connection between the Guarantor and that jurisdiction, or (iii) any other jurisdiction from or through which any payment under this Deed is made and **Tax** includes any present or future tax, levy, impost, duty, charge, deduction or withholding of any nature, and any interest or penalty in respect thereof.

2.8 Release of Deed

Any release, settlement, discharge or arrangement between Alcatel and the Guarantor (a **Release**) shall be subject to the condition that if any payment or satisfaction made or security or guarantee given in relation to any sums guaranteed hereunder by a person other than the Guarantor (a **Relevant Transaction**) shall be avoided, reduced or invalidated by virtue of any applicable law or for any reason whatsoever, then such Release shall, to the extent of such avoidance, reduction or invalidation, be void and of no effect, and Alcatel may recover immediately the value or amount, or (as the case may be) the reduction in value or amount, thereof from the Guarantor as if such Release had not occurred.

2.9 Preservation of Guarantee

2.9.1 The obligations of the Guarantor hereunder shall not be affected by the bankruptcy or Dissolution of the Company or by any other act omission matter or thing which but for this provision might operate to release or otherwise exonerate the Guarantor from their respective obligations hereunder or affect such obligations.

2.9.2 The Guarantor hereby undertakes that it will not claim in any proceedings brought by Alcatel to enforce the Guarantor's obligations hereunder that the Company be made a party to the proceedings.

2.9.3 The Guarantor shall continue to be bound by this Deed whether or not that Guarantor is made a party to legal proceedings brought by Alcatel against the Company for the recovery of any monies which are guaranteed hereunder and whether or not the formalities under any statute or law whether existing or future in regard to the rights and obligations of sureties shall or shall not have been observed.

2.10 Exercise of Guarantor's Rights

The Guarantor represents and warrants that it has not taken or received any security from the Company or any other surety for or in respect of its obligations under this Deed. The Guarantor shall not take or receive any security from the Company or any other surety for or in respect of any of their obligations under this Deed. So long as any sum remains to be lent or remains payable under any Facility Document:

2.10.1 any right of the Guarantor, by reason of the performance of any of its obligations under this Deed, to be indemnified by the Company, to prove in respect of any liability in the Dissolution of the Company or to take the benefit of or enforce any security or other guarantee shall (and shall only) be exercised and enforced only in such manner and on such terms as Alcatel may require; and

2.10.2 any amount received or recovered by the Guarantor (a) as a result of any exercise of any such right or (b) in the Dissolution of the Company shall be held in trust for Alcatel and immediately paid to Alcatel.

2.11 No Right of Subrogation

Until all sums which are guaranteed hereunder have been discharged and satisfied in full the Guarantor shall not:

2.11.1 be subrogated to any rights of Alcatel arising in respect of the Facility Documents, or in respect of any proof in the Dissolution of the Company, or otherwise howsoever or

2.11.2 in respect of any moneys payable or paid under this Deed, seek to enforce repayment from the Company or any other surety, whether by subrogation, indemnity, contribution or otherwise, or to exercise any other right, claim or remedy of any kind which may accrue to it in respect of the amount so paid or payable or

2.11.3 claim payment of any other moneys for the time being due to it by the Company or any other surety on any account whatsoever, or exercise any other right, claim or remedy which it has in respect thereof provided that the Guarantor may claim such payments in respect of contracts made in the ordinary course of business of the Company to the extent that such claims do not and cannot reasonably be expected to restrict the Company from making payments due under the Facility Documents or

2.11.4 be entitled to any right of a surety (including any right of contribution from any other surety) discharging, in whole or in part, its liability in respect of the principal debt or

2.11.5 be entitled to have or exercise any right as a surety (including any right of contribution from any other surety) in competition with Alcatel or

2.11.6 claim any set-off or assert any counterclaim against the Company or any other surety in relation to any liability of the Guarantor to the Company or any other surety.

2.12 No Competing Proofs

Until all sums which are guaranteed hereunder have been discharged and satisfied in full, the Guarantor shall not in the event of the Dissolution of the Company or any other surety, claim or prove in competition with Alcatel, or accept any direct or indirect payment or distribution, in respect of any moneys owing to the Guarantor by the Company or any such other surety on account of this Deed whatsoever.

2.13 Currency

(a) All payments to be made under this Deed shall be made in Euro, and strictly in accordance with the Deferred Payment Agreement.

(b) The Guarantor may make a payment in Roubles to the K-type Account in Citibank T/O, Moscow, of a Non-Resident Bank (each as defined in the Indent 17 Deferred Payment Agreement) in respect of its obligations under this Deed. Notwithstanding the foregoing, the obligations of the Guarantor under this Deed will be discharged only to the extent that Alcatel actually receives (after any fees, commissions, expenses, conversion charges, costs and other amounts have been deducted (whether on account of banking services or otherwise)) into its account in Germany (to be notified by Alcatel to Guarantor) an amount in Euros equal to the amount due by the Guarantor hereunder.

(c) If, under any applicable law, whether pursuant to a judgment against the Guarantor or the Dissolution of the Guarantor or for any other reason, any payment under or in connection with this Deed is made or falls to be satisfied in a currency (the Other Currency) other than the currency in which the relevant payment is expressed to be payable (the Required Currency), then, to the extent that the payment actually received by Alcatel (when converted into Required Currency at the rate of exchange on the date of payment or, if it is not practicable for Alcatel to make the conversion on that date, at the rate of exchange as soon afterwards as it is practicable to do so or, in the case of a Dissolution, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such Dissolution) falls short of the amount expressed to be due or payable under or in connection with this Deed, the Guarantor shall, as an original and independent obligation under this Deed, indemnify and hold Alcatel harmless against the amount of such shortfall. For the purpose of this Clause 2.13, rate of exchange means the rate at which Alcatel is able on the relevant date to purchase the Required Currency with the Other Currency and shall take into account any commission, premium and other costs of exchange and Taxes payable in connection with such purchase.

2.14 Default Interest

If the Guarantor fails to pay any sum payable by them under this Deed on the due date for payment, the Guarantor shall pay interest on such sum from time to time outstanding including the due date up to the date of actual payment (both before and after any judgment) at the rate applicable to that sum immediately prior to such date. Such interest shall be calculated and payable on the same basis as interest on delayed payments due and payable by the Company in accordance with inter alia article 7.2 of the Deferred Payment Agreement.

2.15 Communications

Any notice, request, demand or communication under or in connection with the matters contemplated by this Deed shall be sent by letter or fax to the Guarantor at:

Open joint stock company "Vimpel-Communications"

8 Marta Ulitsa 10, building 14

Moscow 125083, Russia

Fax No.: +7 095 214 0962

Attention The President

Communications will take effect, in the case of letters, when delivered, or in the case of fax when dispatched provided that the dispatch was between 9.30 a.m. and 5.30 p.m. (Moscow time) on a day (a business day) on which banks generally are open for banking business in the place of receipt of the relevant notice (excluding Saturdays, Sundays and public holidays) failing which it shall be deemed to have been received if despatched prior to 9.30 a.m. on a business day at the commencement of business on that business day and if despatched after 5.30 p.m. on a business day or at any time on a non-business day at the commencement of business on the next business day. Communications not by letter shall be confirmed by letter but failure to send or receive that letter shall not invalidate the original communication.

2.16 Remedies and Waivers

No delay or omission on the part of Alcatel in exercising any right, power or remedy provided by law or under this Deed shall impair such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy. The single or partial exercise by Alcatel of any right, power or remedy provided by law or under this Deed shall not preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies provided in this Deed are cumulative with, and not exclusive of, any rights, powers and remedies provided by law.

2.17 Invalidity

If at any time any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither:

2.17.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Deed nor

2.17.2 the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Deed,

shall be affected or impaired.

2.18 Guarantor Default

Notwithstanding any payment (or attempt to make a payment) by the Company or the Guarantor to a K-type Account of a Non-Resident Bank (as defined in the Indent 17 Deferred Payment Agreement), and notwithstanding any other provision of this Deed or the Indent 17 Deferred Payment Agreement, the Guarantor shall ensure that Alcatel receives into its account in Germany an amount in Euros that is sufficient to satisfy the obligations of the Company under the Indent 17 Deferred Payment Agreement. If, for whatever reason, Alcatel fails to receive into its account in Germany an amount in Euros that is sufficient to satisfy the obligations of the Company under the Indent 17 Deferred Payment Agreement, such failure shall constitute a default by the Guarantor under this Deed.

2.19 Transfers

2.19.1 The Guarantor may not assign, transfer or novate any of its rights and/or obligations under this Deed.

2.19.2 Alcatel may, at any time, assign, transfer and/or novate all or any of its rights and/or obligations under this Deed.

3 Representations and Warranties

The Guarantor represents and warrants to and for the benefit of Alcatel as follows:

3.1 Powers

It has the power to enter into, exercise its rights and perform and comply with its obligations under this Deed.

3.2 Obligations Binding

Its obligations under this Deed are valid, binding and enforceable.

3.3 Authorisation and Consents

All action, conditions and things required to be taken, fulfilled and done in order:

3.3.1 to enable it lawfully to enter into, exercise its rights and perform and comply with its obligations under this Deed and to make payments under this Deed in Euro (and, as the case may be, in Roubles to the K-type Account described in Clause 2.13(b)) (other than, with respect to a payment in Euro, a permission of the Central Bank of the Russian Federation); and

3.3.2 to ensure that those obligations are valid, legally binding and enforceable

have been taken, fulfilled and done.

Upon the occurrence of an Event of Default (as defined in the Indent 17 Deferred Payment Agreement), at the request of Alcatel the Guarantor shall obtain a license, consent or other permission from the Central Bank of the Russian Federation to make payments in Euros under this Deed.

3.4 Repetition

Each of the representations and warranties in Clauses 3.1 to 3.3 of this Deed will be correct and complied with in all material respects so long as any sum remains to be lent or remains payable under any Facility Document as if repeated then by reference to the then existing circumstances.

4 Confidentiality

4.1 All communications between the Guarantor, the Company, Alcatel and/or any of them and all information and other materials supplied to or received by any of them from the others which is either marked "confidential" or is by its nature intended to be for the knowledge of the recipient alone, and all information concerning the business transactions and the financial arrangements of the parties or the Company with any person with whom any of them is in a confidential relationship with regard to the matter in question coming to the knowledge of the recipient shall be kept confidential by the recipient unless or until the recipient party can reasonably demonstrate that any such communication, information and material is, or part of it is, in the public domain through no fault of its own, whereupon to the extent that it is in the public domain or is required to be disclosed by law or in pursuance of employment duties or to auditors or professional advisers, this obligation shall cease.

4.2 The Guarantor shall use all reasonable endeavours to procure the observance of the above-mentioned restrictions by the Company and shall take all reasonable steps to minimise the risk of disclosure of confidential information, by ensuring that only itself and such of its employees and directors whose duties will require them to possess any of such information shall have access thereto, and will be instructed to treat the same as confidential.

4.3 The obligation contained in this Clause 4 shall endure, even after the termination of this Deed, without limit in point of time except and until such confidential information enters the public domain as set out above.

4.4 Notwithstanding Clauses 4.1 to 4.3, the Guarantor and/or the Company and or Alcatel may at any time disclose any such information and communications to their subsidiaries or holding companies on a "need to know" basis.

5 EXPENSES AND STAMP DUTY

The Guarantor shall pay:

5.1 **Initial Expenses:** on demand, all costs and expenses (including Taxes thereon and legal fees) reasonably incurred by Alcatel in connection with the preparation, negotiation or entry this Deed and/or any amendment of, supplement to or waiver or consent in respect of this Deed requested by or on behalf of the Deed (whether or not entered into or given)

5.2 **Enforcement Expenses:** on demand, all costs and expenses (including taxes thereon and legal fees) incurred by Alcatel in the administration of, or by Alcatel in protecting or enforcing (or attempting to protect or enforce) any rights under this Deed and/or any such amendment, supplement, waiver or consent and

5.3 **Stamp Duty:** promptly, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Deed and/or any such amendment, supplement or waiver, and shall indemnify Alcatel against any liability with respect to or resulting from any delay in paying or omission to pay any such tax.

6 EVIDENCE

6.1 Loan Accounts

The entries made in the accounts maintained by Alcatel in accordance with its usual practice shall be *prima facie* evidence of the existence and amounts of the obligations of the Guarantor recorded in them.

6.2 Certificates

A certificate by Alcatel as to any sum payable to it under this Deed, and any other certificate, determination, notification or the like of Alcatel provided for in this Deed, shall be conclusive save for manifest error. Any such certificate as to any sum shall set out the basis of computation of that sum in reasonable detail but shall not be required to disclose any information reasonably considered to be confidential.

7 Counterparts

This Deed has been executed in 3 (three) counterparts in the English language. A Russian language version of this Deed may be prepared at a future time in which case 3 (three) counterparts in the Russian language shall then be concluded. In the event of conflict between the English language and Russian language versions the English language shall prevail. The Guarantor and Alcatel shall retain a signed counterpart in each language.

8 Governing Law

8.1 Governing Law

This Deed shall be governed by and construed in accordance with the laws of England.

8.2 Arbitration Clause

Any dispute which cannot be settled amicably shall be finally settled under the rules of Conciliation and Arbitration of the International Chamber of Commerce by three arbitrators, designated in accordance with the said rules. The award shall be finally binding on the Parties. The arbitration shall take place in Geneva in English.

In witness whereof this Deed Poll has been executed as a deed on the date stated at the beginning.

Open joint stock company “Vimpel-Communications”

Signed: _____
Name: _____

Signed: _____
Name (Chief Accountant): _____

Filename: d56093_ex4-43.htm
Type: EX-4.43
Comment/Description: Indent 18 Deferred Payment Agreement
(this header is not part of the document)

Exhibit 4.43

17 April 2002
ZRV/TPF Dr. Wa/dh
Ex 4.43

Indent 18 DEFERRED PAYMENT AGREEMENT

This AGREEMENT is made on 17 April 2002

between

(1) **OPEN JOINT STOCK COMPANY "KB Impuls"** (hereafter referred to as "**KBI**"), an open joint stock company registered under Russian Federation law, whose registered office/principal place of business is situated at 8 Marta Ulitsa, 10, building 14, room 319, Moscow 127083, Russia, in the person of its General Director, Mr. Sergey Avdeev, acting on the basis of its charter, of the first part;

(2) **ALCATEL SEL AG** (hereinafter referred to as "**ALCATEL**"), a company registered under German law whose registered office is situated at Lorenz Strasse 10, 70435 Stuttgart, duly represented by the undersigned officers on the basis of a Power of Attorney, of the second part.

Whereas, KBI and ALCATEL have entered into the FRAME CONTRACT.

Whereas, the Parties have concluded INDENT 18 which provides that KBI may opt for the deferral of payments of amounts owing to ALCATEL up to the maximum amount stated in this agreement and in accordance with the terms and conditions set out hereunder.

Now, therefore, in consideration thereof, it is agreed by and between the parties hereto as follows:

ARTICLE 1 - DEFINED TERMS

In this agreement the following terms and expressions shall have the following meanings when written in capital letters (terms defined in the singular shall have the same meaning when used in the plural and vice versa).

AGREEMENT

Shall mean this Indent 18 Deferred Payment Agreement entered into between the parties.

BUSINESS

Shall mean the business of providing the services of a DCS-1800 and/or GSM 900 cellular radiotelephone network in the city of Moscow and Moscow region.

BUSINESS DAY

Shall mean a day on which banks are open for business in Moscow, New York and Frankfurt.

DATE OF ACCEPTANCE

Shall mean in respect of INDENT 18 the date of the Acceptance Certificate (as defined in Article 8 of INDENT 18).

DEFERRED PAYMENT FACILITY

Shall mean the deferred payment facility granted by ALCATEL to KBI pursuant to Article 3.1 of the AGREEMENT.

EFFECTIVE DATE

Shall mean the date of completion of the conditions precedent as set forth in Article 11 hereof for PHASE 18.

EQUIPMENT

Shall mean the hardware items with associated software and technical documentation which ALCATEL is required to supply under INDENT 18.

EURIBOR

Shall mean in relation to any amount due under the DEFERRED PAYMENT FACILITY:

the applicable Screen Rate; or

(if no Screen Rate is available for the relevant period) the arithmetic mean of the rates (rounded upwards to four decimal places) as quoted to ALCATEL at its request by three leading banks in the European interbank market for the offering of deposits in Euro for a period comparable to the relevant period on the date on which the relevant amount was due, where

"Screen Rate" means the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, ALCATEL may specify another page or service displaying the appropriate rate.

EVENT OF DEFAULT

Shall mean each or any of the events set out in Article 13 of this AGREEMENT.

FRAME CONTRACT

Shall mean the Frame Contract No. II for the Supply of Switching, Radio or other Telecommunication Equipment dated 19 May 2000 for the supply of a DCS 1800 and/or GSM 900 Radio Telephone Communications System as amended by the First Amendment dated 04 July, 2000 and as further amended from time to time, the terms of which are known to VIMPELCOM.

GUARANTEE

Shall mean the Deed of Guarantee made by VIMPELCOM in favour of ALCATEL in respect of INDENT 18 of even date herewith, the terms of which are fully known and accepted by KBI.

INDENT

Shall mean Annex 5s for Phase 18 (Indent No. 18) to the FRAME CONTRACT of even date herewith, executed by ALCATEL and KBI under the FRAME CONTRACT defining the material list of EQUIPMENT to be supplied under INDENT 18.

K-TYPE ACCOUNT

Shall mean the account specified as such in Instruction No. 93-I of the Central Bank of the Russian Federation dated 12.10.2000.

LICENCE

Shall mean licence No. 10005 awarded by the Ministry of Communications of the Russian Federation to KB Impuls and valid until 28 April 2008 and extensions or renewal thereof to operate a DCS-1800 and/or GSM 900 radiotelephone communication system for Moscow city and the Moscow region, (comprising approximately 15 million inhabitants) and all permits necessary properly to exercise the LICENCE and to develop and operate such type of communication and such other licence, licences or other necessary permits as may be referred to in INDENT 18 and be necessary properly to operate all or part of the EQUIPMENT.

NON-RESIDENT BANK

Shall mean a bank established outside the Russian Federation that has a K-type Account with Citibank T/O, Moscow, or another Russian authorized bank, provided that ALCATEL has approved such bank.

PHASE 18

Shall mean Phase 18 (Indent 18) under the FRAME CONTRACT (for avoidance of doubt, being the fourteenth phase under the FRAME CONTRACT and being numbered as 18, to continue numbering from the previous Frame Agreement between the Parties dated 25 May 1996).

PLEDGE AGREEMENT

Shall mean the Pledge Agreement between the parties dated 25 May 1996 as amended by the First Amendment dated 8 December 1999, the Second Amendment dated 19 May 2000, the Third Amendment dated 23 August 2000, the Fourth Amendment dated 7 September 2000, the Fifth Amendment dated 6 November 2000 and the Sixth Amendment dated 26 December 2000, the Seventh Amendment dated 7 February 2001, the Eighth Amendment dated 16 February 2001, the Ninth Amendment dated 22 March 2001, the Tenth Amendment dated 9 May 20001, the Eleventh Amendment dated 17 May 2001, the Twelfth Amendment dated 22 June 2001, the Thirteenth Amendment dated 20 July 1001, the Fourteenth Amendment dated 8 October 2001, the Fifteenth Amendment dated 29 October 2001, the Sixteenth Amendment dated 5 November 2001, the Seventeenth Amendment dated 12 November 2001, the Eighteenth Amendment dated 30 November 2001, the Nineteenth Amendment dated 08 January 2002, the Twentieth Amendment dated 08 January 2002, the Twenty-First Amendment dated 27 March 2002 and the Twenty-Second Amendment of even date herewith and as further amended from time to time.

POTENTIAL EVENT OF DEFAULT

Shall mean any event or circumstance which, if continued after the giving of any notice and/or (as the case may be) the making of any determination would become an EVENT OF DEFAULT.

PROJECT

Shall mean the development of a large-scale DCS-1800 and/or GSM 900 radiotelephone communication network in Moscow city and the Moscow region and such other regions of the Russian Federation as may be designated by the FRAME CONTRACT or INDENT 18 in accordance with the LICENCE and FRAME CONTRACT.

ROUBLES

Shall mean the lawful currency of the Russian Federation.

SERVICES

Shall mean the network planning, site survey, installation and training to be provided for PHASE 18 under the SERVICES CONTRACT.

SERVICES CONTRACT

Shall mean the agreement for the provision of SERVICES in respect of the installation of the EQUIPMENT and related matters between KBI and the SERVICE PROVIDER.

VIMPELCOM

Shall mean Open Joint Stock Company "Vimpel-Communications", an open joint stock company organised under Russian law whose principal location/registered office is at 8 Marta Ulitsa, 10 building 14, Moscow 125083, Russia.

Any terms written in capitals in this AGREEMENT which have not been defined in this Article 1 shall unless the context otherwise requires have the meaning given to them in the FRAME CONTRACT.

ARTICLE 2 - PAYMENT TERMS

2.1 Payment Commitment

KBI irrevocably commits itself to pay to ALCATEL the price of the EQUIPMENT ordered by KBI under the INDENT 18, as expressed in Article 2.2 of this AGREEMENT.

All such payments will be made in EURO.

2.2 Payment terms for EQUIPMENT are as follows:

2.2.1 the sum of EURO 1.004.691,45 (one million four thousand and six hundred ninety one EURO and forty five cent) being 15% of the sum of EURO 6.697.943,— (six million and six hundred ninety seven thousand and nine hundred forty three EURO) shall be paid by KBI to ALCATEL upon the presentation by ALCATEL of the corresponding invoice on the day falling 8 calendar days before the date of loading by ALCATEL for shipment to KBI of the first consignment of the EQUIPMENT (the "**START DATE PHASE 18**"). Such invoice may be presented by ALCATEL not earlier than 60 calendar days and not later than 10 calendar days before START DATE PHASE 18. ALCATEL shall obtain and together with such invoice provide KBI with the original of a guarantee to a maximum amount of EURO 1.004.691,45 (one million four thousand and six hundred ninety one EURO and forty five cent) from an international bank in respect of ALCATEL's obligation to return to KBI such down-payment or part of it, if within 90 calendar days from such down-payment EQUIPMENT for PHASE 18 delivered at the point of customs clearance in the City of Moscow or Moscow Region (Moskovskaya Oblast) is less in value than the amount of such down-payment.

2.2.2 the remainder of the price of the EQUIPMENT being the sum of EURO 5.693.251,55 (five million and six hundred ninety three thousand and two hundred fifty one EURO and fifty five cent) shall be paid by KBI to ALCATEL to an account specified by ALCATEL within 30 days of the arrival of the corresponding consignment of the EQUIPMENT at the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast). Notwithstanding the foregoing if ALCATEL shall have received written notice from KBI in accordance with Article 2.2.2 of INDENT 18 of the exercise of KBI's option to use the DEFERRED PAYMENT FACILTY and following satisfaction of the other conditions to effectiveness provided *inter alia* in Article 11 of this AGREEMENT then such sum shall be payable by KBI to ALCATEL in accordance with the other provisions of this AGREEMENT.

ARTICLE 3 - AMOUNT - CURRENCY - PURPOSE - UTILISATION

3.1 Amount

With effect on and from the EFFECTIVE DATE, ALCATEL agrees to grant to KBI the DEFERRED PAYMENT FACILITY for an aggregate amount of EURO 5.693.251,55 (five million and six hundred ninety three thousand and two hundred fifty one EURO and fifty five cent).

3.2 Currency

This DEFERRED PAYMENT FACILITY will be granted in EURO.

3.3 Purpose

ALCATEL and KBI agree that the DEFERRED PAYMENT FACILITY shall be exclusively used by KBI in order to finance the payments of the price of the EQUIPMENT stated in the invoices made by ALCATEL in accordance with the provisions of PHASE 18, INDENT 18 and the FRAME CONTRACT.

3.4 Utilisation

This DEFERRED PAYMENT FACILITY will be utilised subject in particular to the provisions of Articles 3.5 and 11 of the AGREEMENT and to the presentation by ALCATEL to KBI of the following documents for the relevant consignment of EQUIPMENT:

- a copy of the commercial invoice
- a copy of the shipping documents

The utilisation of the DEFERRED PAYMENT FACILITY shall be deemed to have been made by KBI for payments due by KBI pursuant to Article 2.2.2 hereof.

3.5 The DEFERRED PAYMENT FACILITY will only be available for utilisation if, on the proposed date for utilisation:

3.5.1 all representations and warranties in Article 10 have been complied with and would be correct if repeated on that date by reference to the circumstances then existing; and

3.5.2 no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT has occurred on or before that date or will occur as a result of that utilisation.

ARTICLE 4 - PERIOD OF UTILISATION OF THE DEFERRED PAYMENT FACILITY

The DEFERRED PAYMENT FACILITY shall be available in accordance with Article 3 hereof.

ARTICLE 5 - REIMBURSEMENT OF THE DEFERRED PAYMENT FACILITY

The amounts due by KBI under the DEFERRED PAYMENT FACILITY shall be repaid by KBI to ALCATEL as follows:

5.1 Principal: In 6 (six) equal and consecutive semi-annual installments, the first such installment becoming due six months after the DATE OF ACCEPTANCE provided that such first installment shall in any event become due no later than 15 June 2003;

5.2 Interest accruing on the full outstanding amount of the DEFERRED PAYMENT FACILITY shall be payable in arrears in full on the date for the repayment of each semi-annual installment of principal.

ARTICLE 6

[intentionally omitted]

ARTICLE 7 - INTEREST

7.1 Computation

Interest due in respect of the DEFERRED PAYMENT FACILITY will be computed at the following rate per annum:

6-month EURIBOR + 2.9%

Such interest will be calculated on a 365 over 360 day basis and the actual number of days elapsed.

7.1.1 In respect of the DEFERRED PAYMENT FACILITY:

For the calculation of interest there will be six consecutive interest periods. The first interest period shall be the period starting on the date falling 30 days after delivery of the first consignment of the EQUIPMENT to the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast) and ending on the date for the first repayment to be made pursuant to Article 5. Each subsequent interest period shall start on the last date of the preceding period and end on the next date for repayment to be made under PHASE 18 pursuant to Article 5.

7.1.2 The rate of interest in respect of the first interest period shall be the rate determined by Alcatel and notified to KBI by applying the above mentioned interest rate irrespective of the actual duration of such first interest period on the date falling 2 BUSINESS DAYS prior to the date falling 30 days after the delivery of the first consignment of EQUIPMENT (as the case may be) to the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast).

The rate of interest in respect of each subsequent interest period shall be the rate determined by ALCATEL according to this AGREEMENT and notified to KBI two BUSINESS DAYS prior to the commencement of such interest period.

If an interest period would otherwise end on a day which is not a BUSINESS DAY, that interest period will instead end on the next BUSINESS DAY.

7.2 Delayed payment

7.2.1 If KBI does not pay the sums payable under this AGREEMENT when due, it shall pay interest on the amount from time to time outstanding in respect of that overdue sum for the period beginning on its due date and ending on the date of its receipt by ALCATEL (both before and after judgment) in accordance with this Article 7.2.

7.2.2 Such interest shall be calculated and payable by reference to successive interest periods, each of which (other than the first, which shall begin on the due date) will begin on the last day of the previous period. Each such period will be for a duration of six months and the rate of interest applicable for a particular period will be EURIBOR (calculated on the first day of that interest period) plus 9 per cent per annum. For the avoidance of doubt interest payable under this Article 7.2 is payable in respect of the actual period in respect of which any delayed payment is outstanding and not in respect of 6 month periods.

7.2.3 Interest payable under this Article 7.2 shall be capitalised on the last day of each period in respect of which it is calculated and on the date of payment of the overdue sum. Any interest which is not paid when due will be added to the overdue sum and will itself bear interest accordingly.

ARTICLE 8 - FINANCIAL EXPENSES

All charges, fees and stamp duties (including legal fees) accruing in connection with the conclusion, implementation and enforcement of this AGREEMENT shall be paid by KBI on demand (or in the case of stamp duties) promptly and in any event before any interest or penalty becomes payable.

ARTICLE 9 - PAYMENTS

9.1 Prepayment

KBI may prepay all or part of the principal sums due under this AGREEMENT on any date, provided that:

9.1.1 KBI shall give to ALCATEL at least 30 (thirty) days' prior notice of each payment, specifying the principal amount to be prepaid and the date of proposed prepayment;

9.1.2 Each partial payment of principal shall be in aggregate amount a minimum of EURO 100,000 (one hundred thousand) and shall be a whole multiple of EURO 100,000 (one hundred thousand);

9.1.3 The interest on the principal prepaid, accrued to the date of prepayment, shall be repaid in full on the date of prepayment together with any other sum then due under the AGREEMENT.

All sums prepaid pursuant to this Article shall be applied in the reverse order of the maturity dates of all amounts outstanding under the DEFERRED PAYMENT FACILITY and in the same order as provided in Article 9.3 and interest shall be cancelled or adjusted accordingly.

No amount repaid whether under this or any other Article under this AGREEMENT may be redrawn.

Should, however, ALCATEL intend to assign all or part of its rights and obligations under this AGREEMENT for refinancing purposes as outlined in Article 18.2 hereinafter, it shall give written notice thereof to KBI. Upon receipt of such written notice KBI shall have the option within 30 calendar days to prepay all or part of the principal sums due hereunder by applying the prepayment rules stated herein above. Regarding any amount not prepaid by KBI to ALCATEL within such 30 day period such right to prepay shall be cancelled. Should KBI effect any prepayment after such 30 day period it shall indemnify ALCATEL or the assignee as the case may be for cost of broken funds.

9.2 Method of payment

Payments in favour of ALCATEL shall be made on the due date before 10.00 a.m. local time (Frankfurt time) on the account to be notified by ALCATEL or another account which shall be from time to time designated to KBI in writing with at least 30 (thirty) days advance notice.

If the due date is not a BUSINESS DAY, payment shall be made the next succeeding BUSINESS DAY unless the next BUSINESS DAY falls in the next succeeding calendar month, in which case the immediately preceding BUSINESS DAY shall be deemed to be the date of payment.

Payments will be paid in Euro.

At any time after an EVENT OF DEFAULT described in Article 13.2. of this AGREEMENT has occurred, amounts due under the DEFERRED PAYMENT FACILITY shall, upon receipt by KBI of a written notice from ALCATEL, be paid by KBI in ROUBLES to the K-type Account of a Non-Resident Bank. In this case, KBI shall pay to the K-type Account of the Non-Resident Bank an amount in ROUBLES that is sufficient to ensure that, after such ROUBLES have been converted into EUROS, and after any fees, commissions, expenses, conversion charges, costs and other amounts have been deducted (whether on account of banking services or otherwise), ALCATEL will receive an amount in EUROS equal to the amount in EUROS that is owing to it under the other provisions of this AGREEMENT. The obligations of KBI hereunder will only be discharged to the extent that ALCATEL receives into its account in Germany full payment in EUROS in relation to all amounts due hereunder.

For avoidance of doubts this provision is only an option for ALCATEL and does not create any rights for KBI.

9.3 Application of payment

Payments received from KBI shall be applied upon the then existing indebtedness of KBI pursuant to this AGREEMENT in the following order, in each case starting with the oldest maturities:

9.3.1 interest for late payment;

9.3.2 interest;

9.3.3 any other amount due pursuant to this AGREEMENT with the exception of principal;

9.3.4 principal;

9.3.5 principal in advance, in inverse chronological order of the maturity date of the instalments.

9.4 Taxes, Absence of Deductions

Notwithstanding that KBI shall pay the taxes on the amounts due to ALCATEL in accordance with the terms of Article 3.3 of the FRAME CONTRACT all payments by KBI pursuant to this AGREEMENT shall be made to ALCATEL free and clear of and without set-off or counterclaim and without deduction of any taxes, duties, withholdings or similar charges of any nature whatsoever, present or future, in Russia or any political subdivision thereof, unless KBI shall be compelled by law to make such deductions, in which case:

9.4.1 KBI shall pay such additional amounts as may be necessary in order that the net amounts received by ALCATEL shall equal the gross amounts of principal and interest agreed to be paid under this AGREEMENT as if no such deduction or withholding had taken place; and

9.4.2 KBI will immediately forward to ALCATEL written evidence of the payment of such deductions, taxes or duties withheld.

In any event the Parties shall cooperate in good faith in order to avoid any withholding or deduction (when lawful) and double taxation and shall provide to each other all documents reasonably required under the relevant legislation.

ARTICLE 10 - REPRESENTATIONS AND WARRANTIES

KBI acknowledges that ALCATEL has entered into this AGREEMENT in full reliance on the representations made by KBI in the following terms; and KBI now warrants and represents in favour of ALCATEL that:

10.1 KBI is duly registered and validly existing under the laws of the Russian Federation as a joint stock company and has power to carry on its business as it is now being conducted and to use and enjoy its property and other assets, and has satisfied all its tax obligations;

10.2 KBI has a LICENCE which authorizes it to carry out the PROJECT;

10.3 the execution, delivery and performance of this AGREEMENT, INDENT 18, the FRAME CONTRACT, the SERVICE CONTRACT and the Twenty Second Amendment to the PLEDGE AGREEMENT are within its corporate powers, have been duly authorised by all necessary corporate action, and do not conflict with or violate any law, regulation, decree, ruling, judgment or order, or KBI founding documents, or any contract or other instrument binding upon KBI or any of its assets nor result in the creation or imposition of any lien or charge on any property of KBI, or result in the acceleration of any obligation, or in a condition or event which constitutes an event of default under any agreement or instrument binding upon KBI or conflict with any present liabilities of KBI;

10.4 INDENT 18, the FRAME CONTRACT, the SERVICE CONTRACT, this AGREEMENT and the Twenty Second Amendment to the PLEDGE AGREEMENT to be delivered thereunder constitute the legal, valid and binding obligations of KBI, enforceable in accordance with their respective terms;

10.5 on the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY, all authorisations, consents, approvals and licences of all competent authorities in the Russian Federation will have been obtained, all material contracts necessary to the implementation of the LICENCE will be effective and all filings, registrations, recordings and notarisations, required or appropriate for the validity, delivery, performance, enforceability or admissibility in evidence in the courts of Russia of INDENT 18, the FRAME CONTRACT, the SERVICE CONTRACT, the GUARANTEE, this AGREEMENT and the Twenty Second Amendment to the PLEDGE AGREEMENT to be delivered hereunder, will have been obtained and will be valid, and in full force and effect;

10.6 there is no litigation, arbitration or administrative proceeding in course or to the knowledge of the officers of KBI, pending or threatened against KBI which could have a material adverse effect on the BUSINESS, assets or financial status of KBI;

10.7 KBI is not in breach of any obligation under any agreement to which it is a party or by which it may be bound, which breach would affect the ability of KBI to perform any of its obligations under this AGREEMENT;

10.8 no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT has occurred and is continuing or will occur as a result of any utilisation under the DEFERRED PAYMENT FACILITY; nor is KBI, to an extent or in a manner which could affect the ability of KBI to perform any of its obligations under this AGREEMENT, in breach or default under any other agreement;

10.9 all information and reports furnished by KBI to ALCATEL under the AGREEMENT are true and accurate in all material respects and not misleading, and do not omit any material facts for which reasonable enquiries have been made to verify the accuracy of such assumptions;

10.10 KBI has the technical and commercial abilities to operate the PROJECT, and KBI either itself or through personnel of the Group that KBI is authorised to use has sufficient qualified management and technical personnel to support the execution and operation of the PROJECT;

The representations and warranties set out in this Article shall survive the signing and delivery of this AGREEMENT and the making of the DEFERRED PAYMENT FACILITY and shall be deemed repeated until KBI's obligations hereunder shall have irrevocably terminated in accordance with the terms of this AGREEMENT.

ARTICLE 11 - CONDITIONS OF EFFECTIVENESS

11.1 The obligation of ALCATEL to provide the DEFERRED PAYMENT FACILITY hereunder is subject to the conditions precedent that:

11.1.1 ALCATEL shall have received written notice from KBI pursuant to and in accordance with Article 2.2.2 of INDENT 18, of the exercise of KBI's option to use the DEFERRED PAYMENT FACILITY.

11.1.2 to the extent that KBI exercises its option to finance INDENT 18 thereby, obtaining by VIMPELCOM and KBI of all necessary shareholder and other internal consents and authorisations (in each case in a form reasonably satisfactory to ALCATEL) in connection with preparation, negotiation and signing of this AGREEMENT, the Twenty Second Amendment to the PLEDGE AGREEMENT and the GUARANTEE;

11.1.3 INDENT 18, the GUARANTEE, this AGREEMENT and the Twenty Second Amendment to the PLEDGE AGREEMENT have been signed in a form and substance satisfactory to ALCATEL;

11.1.4 ALCATEL shall have received payment in full of the amount due from KBI in accordance with Article 2.2.1; and

11.1.5 to the extent that any EQUIPMENT has been delivered to KBI under INDENT 18 or the FRAME CONTRACT prior to or on the date of the satisfaction of the conditions precedent contained in Articles 11.1.1, 11.1.2, 11.1.3 and 11.1.4 ALCATEL shall have received an extract from the register of pledges of KBI evidencing the restriction of a hard pledge over such EQUIPMENT securing KBI's obligations under this AGREEMENT and the Deferred Payment Agreement between the parties dated 25 May 1996 as amended from time to time.

11.2 The obligation of ALCATEL to continue to provide the DEFERRED PAYMENT FACILITY and to make further deliveries under the terms of the FRAME CONTRACT and INDENT 18 on deferred payment terms is subject to the conditions precedent that arising on the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY:

11.2.1 no breach of covenant or EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT within the meaning of Article 12 and 13 hereinafter, shall have occurred and be continuing on the date of the DEFERRED PAYMENT FACILITY;

11.2.2 the representations and warranties made by KBI, as set forth in Article 10 hereof, and made by VIMPELCOM under the GUARANTEE shall be true and correct on and as of the date of the making of the DEFERRED PAYMENT FACILITY with the same force and effect as if made on and as of such date;

11.2.3 the conditions of effectiveness defined in paragraph 11.1 above continue to be satisfied and that nothing has occurred (and which may have a substantial impact on the performance hereof) which would restrict (i) KBI's ability to perform its obligations hereunder or under the FRAME CONTRACT, the SERVICE CONTRACT or INDENT 18 or to operate the EQUIPMENT or to effect repayments hereunder, (ii) VIMPELCOM's ability to perform their respective obligations under the GUARANTEE; and

11.2.4 ALCATEL shall have received the names and specimen signatures of KBI's representatives who are duly authorised to sign the documents required under this AGREEMENT, duly authenticated by a notary in accordance with Russian legislation approved by ALCATEL.

11.3 ALCATEL will notify KBI in writing at such time as all the above conditions precedent have been fulfilled.

ARTICLE 12 - COVENANTS

KBI hereby covenants that as of the date of this AGREEMENT and as long as any amount remains due by it pursuant to this AGREEMENT:

12.1 KBI shall obtain all authorisations, orders, consents and approvals which may be required after the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY for the fulfilment of any of its obligations hereunder and for KBI to implement the PROJECT and to exercise its rights effectively under the LICENCE;

12.2 KBI shall not merge with another company or reorganise or voluntarily liquidate without ALCATEL's prior written consent;

12.3 KBI shall promptly inform ALCATEL of litigation, arbitration, or administrative or other legal or extra judiciary proceedings filed upon it or any of its assets which may materially affect KBI's ability to perform its obligations hereunder or ALCATEL's rights hereunder including in relation to insolvency, administration, arrest or enforcement against KBI or any of its property or assets;

12.4 promptly upon becoming aware of the same, give written notice to ALCATEL of the occurrence of any EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT;

12.5 KBI shall create a charge on the EQUIPMENT and replacement thereof, to the benefit of ALCATEL as security for the payment of all amounts due to ALCATEL hereunder. Such charge shall be made in accordance with the laws of Russia and at the earliest time permitted thereunder and duly registered in KBI's books and mentioned in KBI's audited accounts and in KBI's pledge book to be maintained in accordance with Russian legislation and made available to any creditor or interested third party. KBI shall be obliged to register such pledge in respect of all of the EQUIPMENT and shall promptly supply ALCATEL with a certified extract from KBI's pledge book in respect of such registration within 21 days of delivery of the relevant EQUIPMENT;

12.6 Other than the charge defined in 12.5 above KBI shall not create or permit to exist any mortgage, security interest, title retention agreement or other lien, charge or encumbrance with respect to any piece of the EQUIPMENT and replacement thereof. KBI shall register this negative pledge in its books and in KBI's pledge book to be maintained in accordance with Russian legislation and mention the same in its audited accounts.

12.7 KBI shall maintain the EQUIPMENT and shall take all necessary measures and precautions that are reasonably required in order to prevent direct or indirect damage to or loss of all equipment supplied by ALCATEL to KBI and comprising the NETWORK, and KBI shall insure the EQUIPMENT in the currency and in the amount of its purchase price;

12.8 disregarding sales of stock in trade in the ordinary course of business, KBI shall not sell, lease (other than permitted by ALCATEL by written waiver), transfer or otherwise dispose of, by one or more transactions or series of transactions (whether related or not) the whole or any substantial part of the BUSINESS or its assets which materially affects KBI's ability to perform its obligations hereunder or ALCATEL's rights under this AGREEMENT;

12.9 Other than permitted by ALCATEL by written waiver KBI shall not permit any future indebtedness for borrowed moneys, guarantee or other obligations of KBI which may materially adversely affect KBI's ability to perform its obligations hereunder. Should KBI prefer in order to avoid any doubt to make request for Alcatel's permission in respect to borrowings from VIMPELCOM, such permission shall be deemed to have been given by ALCATEL, if within 10 days of receipt by ALCATEL of a written request for such permission KBI has not received a written reply to its request.

12.10 Other than permitted by ALCATEL by written waiver KBI will not at any time create, permit to be created, incur, assume or suffer to exist any lien, mortgage, pledge, charge, security interest, hypothecation or other ENCUMBRANCE upon or with respect to any revenues or properties or with respect to the right to receive income (now existing or hereafter arising) as security for any debt of KBI;

12.11 The sums due under the DEFERRED PAYMENT FACILITY shall constitute secured obligations of KBI and shall at all times rank pari passu and without any preference among themselves. The payment obligations of KBI under the DEFERRED PAYMENT FACILITY shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all their respective other present and future secured and unsubordinated obligations;

12.12 KBI will deliver to ALCATEL:

12.12.1 as soon as they become available (and in any event within 180 days of the end of each of VIMPELCOM's fiscal years), the consolidated balance sheet of the Group as at the close of that fiscal year and the Group's consolidated income statement of changes in financial position for that fiscal year, prepared in accordance with generally accepted principles of International Accounting Standards (IAS) or United States Generally Accepted Accounting Principles (US GAAP), applied on a basis consistent with that used in preparing the Group's audited consolidated financial statements for prior years (or together with disclosure of changes in accounting policy since audited financial statements for prior years), certified by Ernst & Young licensed accounting firm or by another firm of independent accountants of international standing selected by VIMPELCOM and acceptable to ALCATEL as fairly presenting the financial condition of the Group on a consolidated basis as at the close of that fiscal year and the results of the Group's operations for that fiscal year on consolidated basis (the "**Annual Statements**"). The certification shall include or be accompanied by a statement that, during the examination by that firm of those financial statements, the firm observed or discovered no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT as defined in Article 13 - Supervision & Termination - of the AGREEMENT or a detailed description of any EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT if any is observed or discovered;

12.12.2 as soon as they become available (and in any event within 90 days of the end of each of VIMPELCOM's financial half-years), copies of the Group's financial statements for that half-year which shall contain a consolidated income statement and a consolidated balance sheet of the Group;

12.12.3 promptly, such additional financial or other information as ALCATEL may from time to time request.

For the purposes of sub-Articles 12.12.1 and 12.12.2 as well as Article 10.10 the term "**Group**" shall mean VIMPELCOM, its subsidiaries and subsidiary undertakings as defined in accordance with International Accounting Standards or United States Generally Accepted Accounting Principles as the case may be.

12.13 ALCATEL will have the right to audit, or to have audited, through an international audit company selected by ALCATEL, at KBI's Premises but at ALCATEL's expense, the fiscal statements, books and other financial documentation and information of KBI;

12.14 KBI shall not use the EQUIPMENT delivered under the FRAME CONTRACT for any other purposes than those set forth in the LICENCE; and

12.15 KBI will ensure that there is no material change in the nature of the BUSINESS (whether by a single transaction or a number of related or unrelated transactions, whether at one time or over a period of time and by disposal, acquisition or otherwise); and

12.16 KBI shall not make dividend payments to VIMPELCOM or any other direct or indirect shareholder; provided, that so long as no EVENT OF DEFAULT exists and is continuing under this AGREEMENT and no "event of default" or "guarantor default" (as defined therein) exists and is continuing under any other Deferred Payment Agreement entered into by KBI and ALCATEL or the GUARANTEE or any other Guarantee given by VIMPELCOM in favor of ALCATEL, in each case in connection with the FRAME CONTRACT, KBI may pay dividends in any year in an amount not greater than 80% of the net profit of KBI for such year.

ARTICLE 13 - SUSPENSION - TERMINATION - EVENTS OF DEFAULT

13.1 ALCATEL shall have the right at its sole discretion to terminate the DEFERRED PAYMENT FACILITY upon the occurrence of an EVENT OF DEFAULT as defined in Article 13.2 hereunder. In such case the repayment of all amounts due under the DEFERRED PAYMENT FACILITY as the case may be may be accelerated by written notice of ALCATEL and become due and payable immediately upon such notice and any other agreement between KBI and ALCATEL may be terminated by ALCATEL.

13.2 ALCATEL may in its sole discretion elect not to terminate but to suspend this AGREEMENT on an EVENT OF DEFAULT. On suspension by ALCATEL of this AGREEMENT ALCATEL may agree without prejudice to its right to terminate or require repayment of all sums due in connection herewith on demand, to defer repayments of interest, capitalized interest or principal provided that interest shall continue to accrue on such sum in the manner provided herein.

13.2 The following events shall each be deemed to be an EVENT of DEFAULT under this AGREEMENT:

13.2.1 any failure by KBI to repay any amount due to ALCATEL under this AGREEMENT, the SERVICE CONTRACT or any INDENT to the FRAME CONTRACT or the Deferred Payment Agreements related thereto (Indent 5 Deferred Payment Agreement, Indent 6 Deferred Payment Agreement, Indent 7 Deferred Payment Agreement, Indent 8 Deferred Payment Agreement, Indent 9 Deferred Payment Agreement, Indent 10 Deferred Payment Agreement, Indent 11 Deferred Payment Agreement, Indent 13 Deferred Payment Agreement, Indent 14 Deferred Payment Agreement, Indent 15 Deferred Payment Agreement, the Indent 16 Deferred Payment Agreement and the Indent 17 Deferred Payment Agreement), the Frame Contract dated 25 May 1996 as amended from time to time, any Indents thereto or the Deferred Payment Agreement dated 25 May 1996 as amended from time to time within ninety (90) days after the date on which it becomes due and payable;

13.2.2 any default, other than failure to repay (which if capable of remedy, is not remedied and continues for a period of 15 (fifteen) days after receipt of notice from ALCATEL requiring remedy and which may have a substantial impact on the performance hereof) in the performance of any covenant or obligation on the part of KBI under this AGREEMENT or any other agreement (in each case as amended and as further amended from time to time) between KBI and ALCATEL including the FRAME CONTRACT, any INDENT, the SERVICE CONTRACT, the Frame Contract dated 25 May 1996, any Indents thereto, the Deferred Payment Agreement dated 25 May 1996, the Indent 5 Deferred Payment Agreement dated 23 August 2000, the Indent 6 Deferred Payment Agreement dated 7 September 2000, the Indent 7 Deferred Payment Agreement dated 26 December 2000, the Indent 8 Deferred Payment Agreement dated 16 February 2001, the Indent 9 Deferred Payment Agreement dated 9 May 2001, the Indent 10 Deferred Payment Agreement dated 22 June 2001, the Indent 11 Deferred Payment Agreement dated 20 July 2001, the Indent 13 Deferred Payment Agreement dated 5 November 2001, the Indent 14 Deferred Payment Agreement dated 12 November 2001, the Indent 15 Deferred Payment Agreement dated 08 January 2002, the Indent 16 Deferred Payment Agreement dated 08 January 2002 and the Indent 17 Deferred Payment Agreement dated 27 March 2002 or the PLEDGE AGREEMENT including failure to register the pledge created in accordance with the terms of the PLEDGE AGREEMENT in respect of any EQUIPMENT.

13.2.3 any default (which, if capable of remedy is not remedied and continues for a period of 15 (fifteen) days after receipt of notice from ALCATEL requiring remedy) in the performance of any covenant or obligation on the part of VIMPELCOM under the GUARANTEE or the Deeds of Guarantee issued by VIMPELCOM in respect of the Indent 5 Deferred Payment Agreement dated 23 August 2000 or the Indent 6 Deferred Payments Agreement dated 7 September 2000, the Indent 7 Deferred Payment Agreement dated 26 December 2000, the Indent 8 Deferred Payment Agreement dated 16 February 2001, the Indent 9 Deferred Payment Agreement dated 9 May 2001, the Indent 10 Deferred Payment Agreement dated 22 June 2001, the Indent 11 Deferred Payment Agreement dated 20 July 2001, the Indent 13 Deferred Payment Agreement dated 5 November 2001, the Indent 14 Deferred Payment Agreement dated 12 November 2001, the Indent 15 Deferred Payment Agreement dated 08 January 2002, the Indent 16 Deferred Payment Agreement dated 08 January 2002 and the Indent 17 Deferred Payment Agreeement dated 27 March 2002 in each case between ALCATEL and KBI or the Guarantors under the Deed of Guarantee issued in respect of the Deferred Payment Agreement dated 25 May 1996 between ALCATEL and KBI as amended from time to time

13.2.4 any representation, warranty or statement by KBI in this AGREEMENT or in any document delivered hereunder or by VIMPELCOM under the GUARANTEE is not complied with or is or proves to have been incorrect when made or deemed repeated;

13.2.5 nationalisation, seizure or expropriation of KBI or a substantial part of its assets;

13.2.6 bankruptcy, voluntary liquidation, reorganisation or liquidation by decree of court of KBI;

13.2.7 default of KBI under any indebtedness of KBI or VIMPELCOM under any indebtedness for borrowed money exceeding USD 100,000 or equivalent or under any other indebtedness exceeding USD 1 million or equivalent;

13.2.8 imposition of any exchange control mechanism which would prevent or substantially delay payments in convertible currencies by KBI;

13.2.9 loss or expiry of the LICENCE (or modification thereto which has an adverse impact on the financial capacity of KBI to repay any amount due to ALCATEL hereunder) or non-compliance by KBI of its obligations under the LICENCE or the termination of any material agreement, permission or consent necessary to undertake the BUSINESS encompassed by the PROJECT and this AGREEMENT;

13.2.10 Taking into account VIMPELCOM's support and the GUARANTEE a deterioration in the financial condition of KBI or of VIMPELCOM or either of the same has occurred and as a consequence thereof ALCATEL considers that KBI or VIMPELCOM or either of the same are unable or unwilling to perform their obligations in respect of their respective obligations under the GUARANTEE, or if the GUARANTEE becomes or is claimed by those persons to be, invalid and/or unenforceable or is otherwise repudiated by those persons;

13.2.11 change of ownership or control of KBI without ALCATEL's written consent which shall not be unreasonably withheld. Change of ownership or control of KBI shall be determined in accordance with the rules of the International Accounting Standards and shall be deemed for these purposes to include, but not be limited to, the acquisition of any shares in KBI (or rights, securities or investments convertible or exchangeable into, or providing the right to acquire such shares) by any competitor of ALCATEL in the mobile telecommunications equipment manufacturing field or the making any other management, shareholders', voting or other arrangement conferring the right on such competitor to influence materially management decisions of KBI provided that any such acquisition or arrangement made by Telenor AS (or its successors in title) or a member of the Telenor AS group shall be disregarded for this purpose;

13.2.12 any consent or approval necessary for the performance hereof or of the GUARANTEE is not obtained, ceases to be in full force and effect or is not complied with or it becomes unlawful for KBI or VIMPELCOM to perform or comply with the respective obligations hereunder or under the GUARANTEE

13.2.13 any litigation or other proceeding is current, pending or threatened in connection hereunder or which has or could have a material adverse effect on KBI with respect to the PROJECT;

13.2.14 any resolution of KBI or any other person or governmental body or agency (each having such authority under applicable law) on the following matters without the approval of ALCATEL:

(i) the appointment of an administrator in respect of KBI or the liquidation or reorganisation of KBI or presentation of any petition for the winding-up of KBI or any of its subsidiaries which is material to the BUSINESS ;

(ii) the acquisition by KBI of any assets or property (other than in the ordinary course of business) save where such acquisition has been specifically identified and approved in the annual operating budget of KBI or VIMPELCOM as amended from time to time;

(iii) the acquisition by KBI of any charter capital or other securities of any legal person or organisation or of any business of any legal person or organisation, the disposal by KBI of any participation in the charter capital or of other securities of any other subsidiary of KBI;

(iv) the sale or disposition of any fixed assets of KBI (other than in the ordinary course of the Business) save where a disposal has been specifically identified and approved in the annual operating budget of KBI or VIMPELCOM as amended from time to time and save as provided in the PLEDGE AGREEMENT and any pledge of the EQUIPMENT;

(v) the giving by KBI of any guarantee or indemnity which may materially adversely affect KBI's ability to perform its obligations hereunder;

(vi) the making by KBI of any contract of a material nature other than in the ordinary course of its BUSINESS;

(vii) the making by KBI of any material contract with a shareholder of KBI or affiliated person of VIMPELCOM or any variation of such a contract; provided, however, that this clause shall not apply to service agreements between KBI and VIMPELCOM as defined in the Cover Letter (as defined in that certain letter dated 15 February 2002, from KBI to and agreed and consented to by ALCATEL), concluded in the ordinary course of business. For the avoidance of doubt, this Article 13.2.14(vii) shall also not apply to agreements relating to indebtedness permitted under Article 12.9 of this AGREEMENT;

(viii) the making of any loan or advance to any person, firm, legal persons or organisations or other business other than (x) reasonable loans or advances at arm's length to employees of KBI for social support purposes; or (y) lending operations of not more than 6 months' duration carried out for the purpose of the management of the current financial assets of KBI and/or VIMPELCOM and comprising deposits placed with banks, down payments for supplied goods or services (including purchases of telecommunication or related equipment) or cash advances by KBI to VIMPELCOM (such cash advances being deposits/lending repayable on demand and made for the purposes of pooling cash resources or complying with tax obligations), in each case such loan or advance to rank at least pari passu with all of VIMPELCOM's other unsecured and unsubordinated obligations and not to be of a financing nature;

(ix) the reduction of its charter capital or any redemption, purchase or other acquisition by KBI of any shares or other securities of KBI of an equity nature;

(x) the taking of any action or inaction by which the charter capital of KBI falls below the minimum set by law or by which the net assets of KBI have a value lower than the charter capital of KBI at the time; or

13.2.15 the payment or declaration by KBI of any dividend or other distribution in respect of shares in KBI; however, KBI is entitled to pay dividends as outlined in Art. 12.16 hereof.

ARTICLE 14 - MISCELLANEOUS PROVISIONS

[intentionally omitted]

ARTICLE 15 - WAIVER - RIGHTS CUMULATIVE

Failure or delay by ALCATEL to exercise any right, power or privilege under this AGREEMENT shall not constitute waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this AGREEMENT preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

ARTICLE 16 - NOTICES

All notices, requests, demands or other communications in connection with this AGREEMENT shall be by telex, telegraph, telefax, or cable or in writing and telexed, telegraphed, cabled, insured by hand delivery, telefaxed or delivered to the intended recipient at the following addresses:

If to KBI

Att. The General Director	telephone +7 095 212 0512	telefax +7 095 214 0962

8 Marta ulitsa 10
Moscow 127083
Russian Federation

If to ALCATEL

Att. H - G Proehl (ZRV/VT)	telephone +49 711 821 42816	telefax +49 711 821 44485

Lorenzstrasse 10
70435 Stuttgart
Germany

or, as to any party, at such other address as shall be designated by such party in a notice to all other parties.

Except as otherwise expressly provided herein, all notices and other communications shall be deemed to have been duly given on the next working day of the recipient when transmitted by telex, telegram, cable or on the day of remittance when hand delivered or, in the case of insured by hand delivery on receipt.

ARTICLE 17 - LANGUAGE

This AGREEMENT has been executed in 2 counterparts in English. One executed counterpart in English has been delivered to each party to this AGREEMENT. A Russian language version of this AGREEMENT may be prepared at a future time and concluded. In the interpretation of this AGREEMENT the English text shall prevail.

All notices, requests, demands or other communications in connection with this AGREEMENT shall be in English language.

ARTICLE 18 - SUCCESSORS AND ASSIGNS

18.1 This AGREEMENT shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assignees, provided however that the parties or any of them may not assign their rights or obligations hereunder without prior written consent of the other party, except as otherwise provided in Articles 18.2 and 18.3.

18.2 ALCATEL shall have the right to assign all or part of its rights and obligations hereunder to internationally reputable financing institutions for refinancing purposes upon delivery of written notice thereof to KBI.

18.3 ALCATEL's rights and obligations hereunder may be assigned to ALCATEL S.A., a company organised and existing under the laws of France with its head office at 54 Rue La Boetie, 75008 Paris, France or to any other company which is controlled by ALCATEL S.A upon delivery of written notice thereof to KBI.

For the purposes of this Clause 18.3 the term controlled shall mean ownership of more than fifty (50) per cent of the shares of a company with a right to vote or control through management or other agreements (a SUBSIDIARY). The term controlled shall also include a company of which more than fifty (50) per cent of the shares with a right to vote are held by a SUBSIDIARY or where such company is controlled by the SUBSIDIARY through management or other agreements.

ARTICLE 19 - PARTIAL INVALIDITY

Any provision of this AGREEMENT which would be prohibited or unenforceable shall not invalidate the remaining provisions hereof or affect the validity or enforceability or such provisions. The Parties shall endeavour to amend the faulty provision so that it becomes enforceable in keeping with the general intent of the Parties.

ARTICLE 20 - SOLE AGREEMENT

This AGREEMENT, when signed by the authorised representatives of all parties, shall constitute the sole agreement between them regarding the object of this AGREEMENT, superseding all prior agreements, arrangements and understandings with respect to the subject matters of this AGREEMENT.

No amendment to this AGREEMENT or to any of the Exhibits shall be effective unless stated in writing and signed by authorised representatives of both parties.

A person who is not a party to the this AGREEMENT as amended from time to time has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this AGREEMENT except and to the extent (if any) that this AGREEMENT expressly provides for such Act to apply to any of its terms.

ARTICLE 21 - CONFIDENTIALITY

21.1 All communications between the parties, VIMPELCOM and/or any of them and all information and other materials supplied to or received by any of them from the others which is either marked "confidential" or is by its nature intended to be for the knowledge of the recipient alone, and all information concerning the business transactions and the financial arrangements of the parties or VIMPELCOM with any person with whom any of them is in a confidential relationship with regard to the matter in question coming to the knowledge of the recipient shall be kept confidential by the recipient unless or until the recipient party can reasonably demonstrate that any such communication, information and material is, or part of it is, in the public domain through no fault of its own, whereupon to the extent that it is in the public domain or is required to be disclosed by law or in pursuance of employment duties or to auditors or professional advisers, this obligation shall cease.

21.2 The parties shall use all reasonable endeavours to procure the observance of the above-mentioned restrictions and shall take all reasonable steps to minimise the risk of disclosure of confidential information, by ensuring that only they themselves and such of their employees and directors whose duties will require them to possess any of such information shall have access thereto, and will be instructed to treat the same as confidential.

21.3 The obligation contained in this Article 21 shall endure, even after the termination of this AGREEMENT, without limit in point of time except and until such confidential information enters the public domain as set out above.

21.4 Notwithstanding Articles 21.1 to 21.3, the parties and VIMPELCOM may at any time disclose any such information and communications only to third parties concerned

(a) at the lawful request of any Governmental or Regulatory Authority;

(b) when required to do so in accordance with the provisions of applicable law, rule or regulation;

(c) to the parties' and VIMPELCOM's independent auditors, counsel and other professional advisers on a "need to know" basis; or

(d) to any person to whom ALCATEL transfers, or may potentially transfer, any of its rights or obligations hereunder.

ARTICLE 22 - LAW AND JURISDICTION

This AGREEMENT shall be governed by and construed and interpreted in accordance with the laws of England.

Any dispute which cannot be settled amicably shall be finally settled under the rules of Conciliation and Arbitration of the International Chamber of Commerce by three arbitrators, designated in accordance with the said rules. The award shall be finally binding on the Parties. The arbitration shall take place in Geneva in English.

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed by their duly authorised representatives.

ALCATEL SEL AG	**Open joint stock company "KBI Impuls"**
Mobile Networks Division	
Name: Helmut Bast	Name: Sergey Avdeev
Signature:	Signature:
Name: Christian Lacroix	Name: Vladimir Bichenkov (Chief Accountant)
Signature:	Signature:

Filename: d56093_ex4-431.htm
Type: EX-4.43.1
Comment/Description: First Amendment to Indent 18
(this header is not part of the document)

Exhibit 4.43.1

25 May 2002
ZRV/TPF Dr. Wa/dh
43-04-05

First Amendment
to
Annex 5s for Phase 18
(Indent No. 18)
dated 17 Apri1, 2002
to the
FRAME CONTRACT NO. II dated 19.05.2000
FOR THE SUPPLY OF SWITCHING, RADIO AND OTHER
TELECOMMUNICATION EQUIPMENT

This First Amendment is made on 28 May 2002

between

1. **OPEN JOINT STOCK COMPANY** "**KB Impuls**" (hereinafter referred to as "**KBI**"), an open joint stock company registered under Russian Federation law, formerly known as closed joint stock company "KB Impuls", whose registered office/principal place of business is situated at 8 Marta Ulitsa, 10, building 14, room 319, Moscow 127083, Russia, in the person of its General Director Sergey Avdeev acting on the basis of its charter, on the first part; and

2. **ALCATEL SEL AG** (hereinafter referred to as "**ALCATEL**"), a company registered under German law whose registered office is situated at Lorenz Strasse 10, D70435 Stuttgart, duly represented by the undersigned officers, on the second part;

Whereas, KBI and ALCATEL on 17 April 2002 have entered into INDENT 18; and

Whereas KBI and ALCATEL have agreed to amend the terms of the INDENT 18.

Now, therefore, in consideration thereof, it is agreed by and between the parties hereto as follows:

ARTICLE 1 - DEFINITIONS

Terms defined in the INDENT 18 shall have the same meaning when used herein, unless specifically stipulated otherwise.

ARTICLE 2 - AMENDMENTS TO INDENT 10

2.1 Article 0.1 shall be amended by inserting the following sentence:

"For the avoidance of doubt, all of the Equipment shall be supplied during Sub-Phase 1, Sub-Phase 2 and Sub-Phase 3 unless otherwise agreed by the Parties in writing."

2.2 Article 0.11 shall be amended by adding the words "that part of after "in respect of" in line two thereof and inserting the words "included in Sub-Phase 1 or Sub-Phase 2 or Sub-Phase 3 or otherwise as the case may be" after the word "Equipment" in line two thereof and in brackets "before the word" "Acceptance"" in line three thereof. In the beginning of the brackets the words "in respect of that part of Equipment" shall also be inserted.

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2.3 Article 0.14 shall be amended by inserting after "Phase 18" the words: "comprising Sub-Phase 1 , Sub-Phase 2 and Sub-Phase 3".

2.4 After Article 0.19 the following new Article 0.20 shall be inserted:

""Sub-Phase 1" shall mean that part of the Equipment designated in writing by the Parties as comprising Sub-Phase 1 with a value of EURO 6.697.943,00 (six million six hundred ninety-seven thousand and nine hundred forty-three EURO)".

2.5 After Article 0.20 the following new Article 0.22 shall be inserted:

"Sub-Phase 2" shall mean that part of the Equipment designated in writing by the Parties as comprising Sub-Phase 2 with a value of EURO 2.598.486,— (Two million five hundred ninety eight thousand four hundred eighty six Euro)".

2.6 After Article 0.21 the following new Article 0.21 shall be inserted:

""Sub-Phase 3" shall mean that part of the Equipment designated in writing by the Parties as comprising Sub-Phase 3 with a value of EURO 2.350.137,— (Two million three hundred fifty thousand one hundred thirty seven Euro)".

2.6 In Article 1.1 the words "Annex 1" shall be deleted and replaced by "Annex 7".

2.7 In Article 2.1.1 the words "EURO 6.697.943,00 (in words: six million six hundred ninety-seven thousand and nine hundred forty-three)" shall be replaced by "EURO 11.646.566 (in words: eleven million six hundred forty six thousand and five hundred sixty six)".

2.8 Article 3.1 shall be amended by deletion of the words "for an amount equal to ten percent (10%) of the total price of this Indent, within 30 (thirty) days of the coming into force of this Indent." After the Words "in Annex 8 hereof" and insertion of the words "as follows:"

2.9 The following new Article 3.1.1 shall be inserted:

"in respect of Sub-Phase 1, for an amount equal to 10 per cent (10%) of the total price of Sub-Phase 1, within thirty (30) days of the coming into force of this Indent; and"

2.10 The following new Article 3.1.2 shall be inserted:

"in respect of Sub-Phase 2, for an amount equal to ten per cent (10%) of the total price of Sub-Phase 2, within thirty (30) days of the receipt by Alcatel of the downpayment to be made in accordance with Article 2.3.1 of the Indent 18 Deferred Payment Agreement".

The following new Article 3.1.3 shall be inserted:

"in respect of Sub-Phase 3, for an amount equal to ten per cent (10%) of the total price of Sub-Phase 3, within thirty (30) days of the receipt by Alcatel of the downpayment to be made in accordance with Article 2.3.1 of the Indent 18 Deferred Payment Agreement.".

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2.11 Article 3.2 shall be amended by deletion of the first word "The" and insertion of the word "Each"; by the deletion of the words "mentioned above, i.e. five percent (5%) of the whole price of the Indent" and the insertion of the words "of the respective Sub-Phase" after the words "of the value"; by the insertion of the word "corresponding" after the words "upon issuance of the".

2.12 As last paragraph of Article 4.1 b) the following wording shall be inserted:

"Alcatel's obligation to effect delivery of the Equipment comprising Sub-Phase 2 is subject to the receipt in full by Alcatel of the downpayment in respect of Sub-Phase 2 payable by KBI in accordance with Article 2.3.2 of the Indent 18 Deferred Payment Agreement. Alcatel's obligation to effect delivery of the Equipment comprising Sub-Phase 3 is subject to the receipt in full by Alcatel of the downpayment in respect of Sub-Phase 3 payable by KBI in accordance with Article 2.3.3 of the Indent 18 Deferred Payment Agreement

2.13 Article 4.1.3 shall be amended:

(i) by insertion of a new second subparagraph with the wording as follows: "A separate Time Schedule shall be signed in respect of each of Sub-Phase 1, Sub-Phase 2 and Sub-Phase 3."

(ii) by adding the words "Sub-Phase 1:" at the beginning of the original third subparagraph.

(iii) by adding the following wording at the end thereof: "Sub-Phase 2: loading by Alcatel for shipment to KB Impuls: 14 June 2002; and last delivery to the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast): 4 August 2002"

(iv) by adding the following wording at the end thereof: "Sub-Phase 3: loading by Alcatel for shipment to KB Impuls: 1 August 2002; and last delivery to the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast): 22 October 2002"

2.14 Article 4.1.5 shall be added after "Equipment" in line four thereof the words: "(whether in respect of Sub-Phase 1 or Sub-Phase 2 or Sub-Phase 3 as the case may be)".

2.15 Article 8 shall be amended in its first subparagraph by inserting the following sentences at the end of the subparagraph: "Acceptance Tests may be carried out separately and at different times in respect of different consignments or parts of the Equipment but in any event, in respect of the Equipment included in Sub-Phase 1 and Sub-Phase 2 and SubPhase 3, (1) Acceptance Tests shall be carried out separately, (2) separate Acceptance Certificates (as defined below) shall be drawn up and if applicable signed and (3) Acceptance shall if applicable be given separately.

2.16 In Article 21.2 the words "Annex 5f not applicable" and "Annex 9 wording of Indent 18 Deferred Payment Agreement" shall be deleted.

25 May 2002
ZRV/TPF Dr. Wa/dh
43-04-05

ARTICLE 3 – OTHER PROVISIONS

3.1 The Parties agree that KB the original performance bond shall be replaced by three new performance bonds, one with regard to Sub-Phase 1, according the provision of Article 3.1.1 of INDENT 18, and one with regard to Sub-Phase 2, according the provision of Article 3.1.2 of INDENT 18 and one with regard to Sub-Phase 3 according the provision of Article 3.1.3 of Indent 18.

3.2 For the avoidance of doubt the provisions of the Deed of Guarantee issued by Open Joint Stock Company "Vimpel-Communications" ("Vimpelcom") dated 22 June 2001 (the "Guarantee") regarding the Indent 18 Deferred Payment Agreement as well as the Pledge Agreement between the Parties dated 26 May 1996 in the form of the Twenty Second Amendment thereof dated 17 April 2002 both as may be amended hereinafter and the waiver letter dated 17 April 2002 shall not be affected by this First Amendment and shall equally apply with respect to the Equipment to be delivered under Indent 18, Sub-Phase 2 and Sub-Phase 3.

3.3 This First Amendment shall enter into force upon signature by all entities listed at the bottom hereof simultaneously with the First Amendment to the Indent 18 Deferred Payment Agreement.

ARTICLE 4 - CONSOLIDATION OF AMENDED TEXT OF INDENT 18

The Parties hereby confirm their acceptance of the version of the INDENT 18 contained in the Schedule to this First Amendment as true, complete and accurate evidence of the amendments made in this First Amendment. In the event of any conflict between the version of INDENT 18 contained in the Schedule and this First Amendment, the latter shall prevail.

ARTICLE 5 - INCORPORATION OF ARTICLES FROM INDENT 6

Articles 19 to 21 (inclusive) of INDENT 18, as amended from time to time, shall be incorporated into this First Amendment *mutatis mutandis* as if the same had been reproduced in full in this First Amendment, with such amendments to the numbers of such articles and to cross references within such articles as is necessary.

25 May 2002
ZRV/TPF Dr. Wa/dh
43-04-05

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed by their duly authorized representatives.

ALCATEL SEL AG	**Open joint stock company "KB Impuls"**
Name:_____	**Name:_____**
Signature:_____	**Signature:_____**
Name:_____	**Name:_____** **(Chief Accountant)**
Signature:_____	**Signature:_____**

Filename: d56093_ex4-44.htm
Type: EX-4.44
Comment/Description: Deed of Guarantee, Indent 18
(this header is not part of the document)

Exhibit 4.44

17 April 2002
ZRV/TPF DrWa/dh
Ex 4.44

Deed of Guarantee

Indent 18 Deferred Payment Agreement

This Deed Poll is given on 17 April 2002 by **Open joint stock company "Vimpel-Communications"** registered at 8 Marta Ulitsa 10, building 14, Moscow 127083, Russia (the "**Guarantor**") in favour of Alcatel SEL AG ("**Alcatel**") in relation to certain obligations of **Open joint stock company "KB Impuls"** (the "**Company**").

1 INTERPRETATION

1.1 Definition

In this Deed:

Business means the business of providing the services of a DCS-1800 and/or GSM 900 cellular radio telephone network in the city of Moscow and Moscow region and such other regions of the Russian Federation as may be designated by Indent 18;

Deferred Payment Agreement means the Indent 18 deferred payment agreement of even date herewith between the Company and Alcatel;

Dissolution of a person includes the bankruptcy, insolvency, liquidation, winding-up, amalgamation, reconstruction, reorganisation, administration, administrative or other receivership or dissolution of that person, and any equivalent or analogous proceeding by whatever name known and in whatever jurisdiction;

Facility Documents means this Deed, the Deferred Payment Agreement, the Indent 5, Indent 6, Indent 7, Indent 8, Indent 9, Indent 10, Indent 11, Indent 13, Indent 14, Indent 15, Indent 16 and Indent 17 Deferred Payment Agreements between Alcatel and the Company dated August 23, 2000, September 7, 2000, December 26, 2000, February 16, 2001, May 9, 2001, 22 June, 2001, 20 July 2001, 5 November 2001, 12 November 2001, 08 January 2002 and again 08 January 2002 and 27 March 2002 respectively; the Deeds of Guarantee issued by the Guarantor in respect thereof, the Deferred Payment Agreement between Alcatel and the Company dated May 25, 1996 as amended, the Deed of Guarantee issued by *inter alia* the Guarantor in respect thereof as amended and the Pledge Agreement between Alcatel and the Company dated May 25, 1996 as amended, in each case as further amended from time to time;

Indent 18 means Annex 5s for Phase 18 (Indent No. 18) to the Frame Contract No. II for supply of Switching, Radio or other Telecommunication Equipment between Alcatel and the Company dated of even date hereof as amended from time to time; and

Proceedings means any proceeding, suit or action arising out of or in connection with this Deed.

1.2 Construction

The headings shall be ignored in construing this Deed.

2 Guarantee and Indemnity

2.1 Guarantee

The Guarantor unconditionally and irrevocably guarantees to Alcatel that, if for any reason at any time or from time to time the Company does not pay any sum due, owing or payable or expressed to be due, owing or payable by it in accordance with the Deferred Payment Agreement to Alcatel by the time, on the date and otherwise in the manner specified (whether on the normal due date, on acceleration or otherwise) in the Deferred Payment Agreement, it will pay that sum upon receipt of a written demand from Alcatel.

2.2 Guarantor as Principal Debtor

As an original and independent obligation under this Deed and without prejudice to any other provision in this Deed, the Guarantor shall be liable under this Deed as if it were the sole principal debtor and not merely a surety. Accordingly, it shall not be discharged, nor shall its liability be affected, by anything which would discharge it or affect its liability if it were the sole principal debtor including:

2.2.1 any time, indulgence, concession, waiver or consent at any time given to the Company or any other person;

2.2.2 any amendment of, supplement to or waiver or release granted under or in connection with any agreement or to any security or other guarantee;

2.2.3 the making or absence of any demand on the Company or any other person for payment;

2.2.4 the enforcement, or absence of enforcement, of this Deed or of any security or other guarantee;

2.2.5 the taking, existence, holding, failure to take or hold, varying, realisation, non-perfection or release by Alcatel or any other person of any security or other guarantee and/or indemnity;

2.2.6 the Dissolution of the Company or any other person;

2.2.7 any change in the constitution of the Company;

2.2.8 the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Company or any other person or which the Company may have at any time against Alcatel, whether in connection with Indent 18, the Facility Documents or otherwise;

2.2.9 the granting by Alcatel to the Company of any other financial accommodation or the withdrawal or restriction by Alcatel of any financial accommodation, or the absence of any notice to the Guarantor of any such granting, withdrawal or restriction;

2.2.10 any arrangement or compromise entered into by Alcatel with the Company or any other person; or

2.2.11 any other thing done or omitted or neglected to be done by Alcatel or any other person or any other dealing, fact, matter or thing (including, but without limitation, any circumstances whatsoever affecting or preventing recovery of amounts due, owing or payable in respect of the Facility Documents) which, but for this provision, might operate to exonerate or discharge the Guarantor from, or otherwise prejudice or affect, the Guarantor's obligations under this Deed.

2.3 Guarantor's Obligations Continuing

The Guarantor's obligations under this Deed are and will remain in full force and effect by way of continuing security until no sum is or may become due, owing or payable by the Company to Alcatel, and Alcatel has irrevocably received or recovered all sums payable, in respect of the Facility Documents. Furthermore, those obligations of the Guarantor are additional to, and not instead of, any security or other guarantee and/or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise, and may be enforced without first having recourse to the Company, any other person, any security, other guarantee and/or indemnity without taking any steps or proceedings against the Company or any other person, and without resorting to any other means of payment.

2.4 Avoidance of Payments

The Guarantor shall within two working days from receipt by the Guarantor of a written demand from Alcatel indemnify Alcatel against any funding or other cost, loss, expense or liability sustained or incurred as a result of it being required for any reason (including any bankruptcy, insolvency, winding-up or similar law of any jurisdiction) to refund all or part of any amount received or recovered by it in respect of the sums payable by the Company in respect of the Deferred Payment Agreement and shall in any event pay to Alcatel within two working days from receipt by the Guarantor of a written demand from Alcatel that amount so refunded by it.

2.5 Suspense Accounts

For the purpose of enabling Alcatel to maximise its recoveries in any actual or potential Dissolution, any amount received or recovered or realised by Alcatel (otherwise than as a result of a payment by the Company) in respect of any sums payable by the Company in respect of the Facility Documents may be placed by Alcatel in an interest bearing suspense account without any obligation on its part to apply the same in or towards the discharge of sums due in respect of the Facility Documents and without any right on the part of the Guarantor to sue the Company or any other surety or to prove in the Dissolution of the Company or any other surety in competition with or so as to diminish any advantage that would or might come to Alcatel, or to treat the liability of the Company or any other surety as diminished. That amount may be kept there (with any interest earned being credited to that account) unless and until Alcatel is satisfied that it is not obliged to pay any further sum and that it has irrevocably received or recovered its share, all interest accrued thereon and any other sums payable to it.

2.6 Indemnity

As separate, independent and alternative stipulations, the Guarantor unconditionally and irrevocably agrees:

2.6.1 that any sum which, although expressed to be payable by the Company to Alcatel in respect of the Facility Documents, is for any reason (whether or not now existing and whether or not now known or becoming known to any party) not recoverable from the Guarantor on the basis of a guarantee shall nevertheless be recoverable from it as if it was the sole principal debtor and shall be paid by it to Alcatel upon receipt by the Guarantor of a written demand from Alcatel whether or not it has attempted to enforce any rights against the Company or any other person or otherwise; and

2.6.2 as a primary obligation to indemnify Alcatel and to keep Alcatel indemnified against any loss, cost, expense or liability of whatever kind suffered by it as a result of any sum expressed to be payable by the Company in accordance with the Facility Documents not being paid by the time, on the date and otherwise in the manner specified in the Facility Documents or any payment obligation of the Company being or becoming void, voidable, ineffective or unenforceable for any reason (whether or not now existing and whether or not now known or becoming known to any party and including, but without limitation, all reasonable legal and other costs, charges and expenses reasonably incurred by Alcatel in connection with preserving or enforcing its rights under this Deed).

2.7 Taxes

All sums payable by the Guarantor under this Deed shall be paid free of any restriction or condition and free and clear of and (except to the extent required by law) without any deduction or withholding for or on account of Taxes or any counterclaim. If (i) the Guarantor is required by law at any time to deduct or withhold any Relevant Taxes from any sum paid or payable by it under this Deed or (ii) Alcatel (or any person on its behalf) is required by law to make any payment of or in respect of any Relevant Tax (except on account of Tax on the overall net income of Alcatel or such person) on or calculated by reference to the amount of any sum received or receivable by it under this Deed (a) the Guarantor shall notify Alcatel of any such requirement or any change in such requirement as soon as the Guarantor becomes aware of it, (b) the Guarantor shall pay the required deduction, withholding or payment to the appropriate authority before the date on which penalties attach thereto, (c) the Guarantor shall pay such additional amount as is necessary to ensure that Alcatel receives on the due date and retains free from any liability (other than taxes on its overall net income) a sum equal to that which it would have received and so retained had no such deduction or withholding been required or made and (d) forthwith after the due date of any payment referred to in (b) above, the Guarantor shall deliver to the Company evidence satisfactory to Alcatel that such payment has been made (including all relevant Tax receipts if they are available).

For the purposes of this Clause 2.7, **Relevant Tax** means any Tax imposed by any authority of or within (i) Russia, (ii) any jurisdiction claiming the right to impose any Tax by virtue of any connection between the Guarantor and that jurisdiction, or (iii) any other jurisdiction from or through which any payment under this Deed is made and **Tax** includes any present or future tax, levy, impost, duty, charge, deduction or withholding of any nature, and any interest or penalty in respect thereof.

2.8 Release of Deed

Any release, settlement, discharge or arrangement between Alcatel and the Guarantor (a **Release**) shall be subject to the condition that if any payment or satisfaction made or security or guarantee given in relation to any sums guaranteed hereunder by a person other than the Guarantor (a **Relevant Transaction**) shall be avoided, reduced or invalidated by virtue of any applicable law or for any reason whatsoever, then such Release shall, to the extent of such avoidance, reduction or invalidation, be void and of no effect, and Alcatel may recover immediately the value or amount, or (as the case may be) the reduction in value or amount, thereof from the Guarantor as if such Release had not occurred.

2.9 Preservation of Guarantee

2.9.1 The obligations of the Guarantor hereunder shall not be affected by the bankruptcy or Dissolution of the Company or by any other act omission matter or thing which but for this provision might operate to release or otherwise exonerate the Guarantor from their respective obligations hereunder or affect such obligations.

2.9.2 The Guarantor hereby undertakes that it will not claim in any proceedings brought by Alcatel to enforce the Guarantor's obligations hereunder that the Company be made a party to the proceedings.

2.9.3 The Guarantor shall continue to be bound by this Deed whether or not that Guarantor is made a party to legal proceedings brought by Alcatel against the Company for the recovery of any monies which are guaranteed hereunder and whether or not the formalities under any statute or law whether existing or future in regard to the rights and obligations of sureties shall or shall not have been observed.

2.10 Exercise of Guarantor's Rights

The Guarantor represents and warrants that it has not taken or received any security from the Company or any other surety for or in respect of its obligations under this Deed. The Guarantor shall not take or receive any security from the Company or any other surety for or in respect of any of their obligations under this Deed. So long as any sum remains to be lent or remains payable under any Facility Document:

2.10.1 any right of the Guarantor, by reason of the performance of any of its obligations under this Deed, to be indemnified by the Company, to prove in respect of any liability in the Dissolution of the Company or to take the benefit of or enforce any security or other guarantee shall (and shall only) be exercised and enforced only in such manner and on such terms as Alcatel may require; and

2.10.2 any amount received or recovered by the Guarantor (a) as a result of any exercise of any such right or (b) in the Dissolution of the Company shall be held in trust for Alcatel and immediately paid to Alcatel.

2.11 No Right of Subrogation

Until all sums which are guaranteed hereunder have been discharged and satisfied in full the Guarantor shall not:

2.11.1 be subrogated to any rights of Alcatel arising in respect of the Facility Documents, or in respect of any proof in the Dissolution of the Company, or otherwise howsoever or

2.11.2 in respect of any moneys payable or paid under this Deed, seek to enforce repayment from the Company or any other surety, whether by subrogation, indemnity, contribution or otherwise, or to exercise any other right, claim or remedy of any kind which may accrue to it in respect of the amount so paid or payable or

2.11.3 claim payment of any other moneys for the time being due to it by the Company or any other surety on any account whatsoever, or exercise any other right, claim or remedy which it has in respect thereof provided that the Guarantor may claim such payments in respect of contracts made in the ordinary course of business of the Company to the extent that such claims do not and cannot reasonably be expected to restrict the Company from making payments due under the Facility Documents or

2.11.4 be entitled to any right of a surety (including any right of contribution from any other surety) discharging, in whole or in part, its liability in respect of the principal debt or

2.11.5 be entitled to have or exercise any right as a surety (including any right of contribution from any other surety) in competition with Alcatel or

2.11.6 claim any set-off or assert any counterclaim against the Company or any other surety in relation to any liability of the Guarantor to the Company or any other surety.

2.12 No Competing Proofs

Until all sums which are guaranteed hereunder have been discharged and satisfied in full, the Guarantor shall not in the event of the Dissolution of the Company or any other surety, claim or prove in competition with Alcatel, or accept any direct or indirect payment or distribution, in respect of any moneys owing to the Guarantor by the Company or any such other surety on account of this Deed whatsoever.

2.13 Currency

(a) All payments to be made under this Deed shall be made in Euro, and strictly in accordance with the Deferred Payment Agreement.

(b) The Guarantor may make a payment in Roubles to the K-type Account in Citibank T/O, Moscow, of a Non-Resident Bank (each as defined in the Indent 18 Deferred Payment Agreement) in respect of its obligations under this Deed. Notwithstanding the foregoing, the obligations of the Guarantor under this Deed will be discharged only to the extent that Alcatel actually receives (after any fees, commissions, expenses, conversion charges, costs and other amounts have been deducted (whether on account of banking services or otherwise)) into its account in Germany (to be notified by Alcatel to Guarantor) an amount in Euros equal to the amount due by the Guarantor hereunder.

(c) If, under any applicable law, whether pursuant to a judgment against the Guarantor or the Dissolution of the Guarantor or for any other reason, any payment under or in connection with this Deed is made or falls to be satisfied in a currency (the Other Currency) other than the currency in which the relevant payment is expressed to be payable (the Required Currency), then, to the extent that the payment actually received by Alcatel (when converted into Required Currency at the rate of exchange on the date of payment or, if it is not practicable for Alcatel to make the conversion on that date, at the rate of exchange as soon afterwards as it is practicable to do so or, in the case of a Dissolution, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such Dissolution) falls short of the amount expressed to be due or payable under or in connection with this Deed, the Guarantor shall, as an original and independent obligation under this Deed, indemnify and hold Alcatel harmless against the amount of such shortfall. For the purpose of this Clause 2.13, rate of exchange means the rate at which Alcatel is able on the relevant date to purchase the Required Currency with the Other Currency and shall take into account any commission, premium and other costs of exchange and Taxes payable in connection with such purchase.

2.14 Default Interest

If the Guarantor fails to pay any sum payable by them under this Deed on the due date for payment, the Guarantor shall pay interest on such sum from time to time outstanding including the due date up to the date of actual payment (both before and after any judgment) at the rate applicable to that sum immediately prior to such date. Such interest shall be calculated and payable on the same basis as interest on delayed payments due and payable by the Company in accordance with inter alia article 7.2 of the Deferred Payment Agreement.

2.15 Communications

Any notice, request, demand or communication under or in connection with the matters contemplated by this Deed shall be sent by letter or fax to the Guarantor at:

Open joint stock company "Vimpel-Communications"

8 Marta Ulitsa 10, building 14

Moscow 125083, Russia

Fax No.: +7 095 214 0962

Attention The President

Communications will take effect, in the case of letters, when delivered, or in the case of fax when dispatched provided that the dispatch was between 9.30 a.m. and 5.30 p.m. (Moscow time) on a day (a business day) on which banks generally are open for banking business in the place of receipt of the relevant notice (excluding Saturdays, Sundays and public holidays) failing which it shall be deemed to have been received if despatched prior to 9.30 a.m. on a business day at the commencement of business on that business day and if despatched after 5.30 p.m. on a business day or at any time on a non-business day at the commencement of business on the next business day. Communications not by letter shall be confirmed by letter but failure to send or receive that letter shall not invalidate the original communication.

2.16 Remedies and Waivers

No delay or omission on the part of Alcatel in exercising any right, power or remedy provided by law or under this Deed shall impair such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy. The single or partial exercise by Alcatel of any right, power or remedy provided by law or under this Deed shall not preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies provided in this Deed are cumulative with, and not exclusive of, any rights, powers and remedies provided by law.

2.17 Invalidity

If at any time any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither:

2.17.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Deed nor

2.17.2 the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Deed,

shall be affected or impaired.

2.18 Guarantor Default

Notwithstanding any payment (or attempt to make a payment) by the Company or the Guarantor to a K-type Account of a Non-Resident Bank (as defined in the Indent 18 Deferred Payment Agreement), and notwithstanding any other provision of this Deed or the Indent 18 Deferred Payment Agreement, the Guarantor shall ensure that Alcatel receives into its account in Germany an amount in Euros that is sufficient to satisfy the obligations of the Company under the Indent 18 Deferred Payment Agreement. If, for whatever reason, Alcatel fails to receive into its account in Germany an amount in Euros that is sufficient to satisfy the obligations of the Company under the Indent 18 Deferred Payment Agreement, such failure shall constitute a default by the Guarantor under this Deed.

2.19 Transfers

2.19.1 The Guarantor may not assign, transfer or novate any of its rights and/or obligations under this Deed.

2.19.2 Alcatel may, at any time, assign, transfer and/or novate all or any of its rights and/or obligations under this Deed.

3 Representations and Warranties

The Guarantor represents and warrants to and for the benefit of Alcatel as follows:

3.1 Powers

It has the power to enter into, exercise its rights and perform and comply with its obligations under this Deed.

3.2 Obligations Binding

Its obligations under this Deed are valid, binding and enforceable.

3.3 Authorisation and Consents

All action, conditions and things required to be taken, fulfilled and done in order:

3.3.1 to enable it lawfully to enter into, exercise its rights and perform and comply with its obligations under this Deed and to make payments under this Deed in Euro (and, as the case may be, in Roubles to the K-type Account described in Clause 2.13(b)) (other than, with respect to a payment in Euro, a permission of the Central Bank of the Russian Federation); and

3.3.2 to ensure that those obligations are valid, legally binding and enforceable

have been taken, fulfilled and done.

Upon the occurrence of an Event of Default (as defined in the Indent 18 Deferred Payment Agreement), at the request of Alcatel the Guarantor shall obtain a license, consent or other permission from the Central Bank of the Russian Federation to make payments in Euros under this Deed.

3.4 Repetition

Each of the representations and warranties in Clauses 3.1 to 3.3 of this Deed will be correct and complied with in all material respects so long as any sum remains to be lent or remains payable under any Facility Document as if repeated then by reference to the then existing circumstances.

4 Confidentiality

4.1 All communications between the Guarantor, the Company, Alcatel and/or any of them and all information and other materials supplied to or received by any of them from the others which is either marked "confidential" or is by its nature intended to be for the knowledge of the recipient alone, and all information concerning the business transactions and the financial arrangements of the parties or the Company with any person with whom any of them is in a confidential relationship with regard to the matter in question coming to the knowledge of the recipient shall be kept confidential by the recipient unless or until the recipient party can reasonably demonstrate that any such communication, information and material is, or part of it is, in the public domain through no fault of its own, whereupon to the extent that it is in the public domain or is required to be disclosed by law or in pursuance of employment duties or to auditors or professional advisers, this obligation shall cease.

4.2 The Guarantor shall use all reasonable endeavours to procure the observance of the above-mentioned restrictions by the Company and shall take all reasonable steps to minimise the risk of disclosure of confidential information, by ensuring that only itself and such of its employees and directors whose duties will require them to possess any of such information shall have access thereto, and will be instructed to treat the same as confidential.

4.3 The obligation contained in this Clause 4 shall endure, even after the termination of this Deed, without limit in point of time except and until such confidential information enters the public domain as set out above.

4.4 Notwithstanding Clauses 4.1 to 4.3, the Guarantor and/or the Company and or Alcatel may at any time disclose any such information and communications to their subsidiaries or holding companies on a "need to know" basis.

5 EXPENSES AND STAMP DUTY

The Guarantor shall pay:

5.1 **Initial Expenses:** on demand, all costs and expenses (including Taxes thereon and legal fees) reasonably incurred by Alcatel in connection with the preparation, negotiation or entry this Deed and/or any amendment of, supplement to or waiver or consent in respect of this Deed requested by or on behalf of the Deed (whether or not entered into or given)

5.2 **Enforcement Expenses:** on demand, all costs and expenses (including taxes thereon and legal fees) incurred by Alcatel in the administration of, or by Alcatel in protecting or enforcing (or attempting to protect or enforce) any rights under this Deed and/or any such amendment, supplement, waiver or consent and

5.3 **Stamp Duty:** promptly, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Deed and/or any such amendment, supplement or waiver, and shall indemnify Alcatel against any liability with respect to or resulting from any delay in paying or omission to pay any such tax.

6 EVIDENCE

6.1 Loan Accounts

The entries made in the accounts maintained by Alcatel in accordance with its usual practice shall be *prima facie* evidence of the existence and amounts of the obligations of the Guarantor recorded in them.

6.2 Certificates

A certificate by Alcatel as to any sum payable to it under this Deed, and any other certificate, determination, notification or the like of Alcatel provided for in this Deed, shall be conclusive save for manifest error. Any such certificate as to any sum shall set out the basis of computation of that sum in reasonable detail but shall not be required to disclose any information reasonably considered to be confidential.

7 Counterparts

This Deed has been executed in 3 (three) counterparts in the English language. A Russian language version of this Deed may be prepared at a future time in which case 3 (three) counterparts in the Russian language shall then be concluded. In the event of conflict between the English language and Russian language versions the English language shall prevail. The Guarantor and Alcatel shall retain a signed counterpart in each language.

8 Governing Law

8.1 Governing Law

This Deed shall be governed by and construed in accordance with the laws of England.

8.2 Arbitration Clause

Any dispute which cannot be settled amicably shall be finally settled under the rules of Conciliation and Arbitration of the International Chamber of Commerce by three arbitrators, designated in accordance with the said rules. The award shall be finally binding on the Parties. The arbitration shall take place in Geneva in English.

In witness whereof this Deed Poll has been executed as a deed on the date stated at the beginning.

Open joint stock company “Vimpel-Communications”

Signed: _____

Name: _____

Signed: _____

Name (Chief Accountant): _____

Filename: d56093_ex4-45.htm
Type: EX-4.45
Comment/Description: Indent 19 Deferred Payment Agreement
(this header is not part of the document)

Exhibit 4.45

11 July, 2002
ZRVITPF Fi/dh
kBI-1 20v2

INDENT 19 DEFERRED PAYMENT AGREEMENT

This AGREEMENT is made on 11 July, 2002

between

(1) **OPEN JOINT STOCK COMPANY "KB Impuls"** (hereafter referred to as **"KBI"**), an open joint stock company registered under Russian Federation law, whose registered office/principal place of business is situated at 8 Marta Ulitsa, 10, building 14, room 319, Moscow 127083, Russia, in the person of its General Director, Mr. Sergey Avdeev, acting on the basis of its charter, of the first part;

(2) **ALCATEL SEL AG** (hereinafter referred to as "**ALCATEL**"), a company registered under German law whose registered office is situated at Lorenz Strasse 10, 70435 Stuttgart, duly represented by the undersigned officers on the basis of a Power of Attorney, of the second part.

Whereas, KBI and ALCATEL have entered into the FRAME CONTRACT.

Whereas, the Parties have concluded INDENT 19 which provides that KBI may opt for the deferral of payments of amounts owing to ALCATEL up to the maximum amount stated in this agreement and in accordance with the terms and conditions set out hereunder.

Now, therefore, in consideration thereof, it is agreed by and between the parties hereto as follows:

ARTICLE 1. DEFINED TERMS

In this agreement the following terms and expressions shall have the following meanings when written in capital letters (terms defined in the singular shall have the same meaning when used in the plural and vice versa).

AGREEMENT

Shall mean this Indent 19 Deferred Payment Agreement entered into between the parties.

BUSINESS

Shall mean the business of providing the services of a DCS-1800 and/or GSM 900 cellular radiotelephone network in the city of Moscow and Moscow region.

BUSINESS DAY

Shall mean a day on which banks are open for business in Moscow, New York and Frankfurt.

DATE OF ACCEPTANCE

Shall mean in respect of INDENT 19 the date of the Acceptance Certificate (as defined in Article 8 of INDENT 19).

DEFERRED PAYMENT FACILITY

Shall mean the deferred payment facility granted by ALCATEL to KBI pursuant to Article 3.1 of the AGREEMENT.

EFFECTIVE DATE

Shall mean the date of completion of the conditions precedent as set forth in Article 11 hereof for PHASE 19.

EQUIPMENT

Shall mean the hardware items with associated software and technical documentation which ALCkTEL is required to supply under INDENT 19.

EURIBOR

Shall mean in relation to any amount due under the DEFERRED PAYMENT FACILITY:

the applicable Screen Rate; or

(if no Screen Rate is available for the relevant period) the arithmetic mean of the rates (rounded upwards to four decimal places) as quoted to ALCATEL at its request by three leading banks in the European interbank market for the offering of deposits in Euro for a period comparable to the relevant period on the date on which the relevant amount was due, where

“Screen Rate” means the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, ALCATEL may specify another page or service displaying the appropriate rate.

EVENT OF DEFAULT

Shall mean each or any of the events set out in Article 13 of this AGREEMENT.

FRAME CONTRACT

Shall mean the Frame Contract No. II for the Supply of Switching, Radio or other Telecommunication Equipment dated 19 May 2000 for the supply of a DCS 1800 and/or GSM 900 Radio Telephone Communications System as amended by the First Amendment dated 04 July, 2000 and as further amended from time to time, the terms of which are known to VIMPELCOM.

GUARANTEE

Shall mean the Deed of Guarantee made by VIMPELCOM in favour of ALCATEL in respect of INDENT 19 of even date herewith, the terms of which are fully known and accepted by KBI.

INDENT

Shall mean Annex 5t for Phase 19 (Indent No. 19) to the FRAME CONTRACT of even date herewith, executed by ALCATEL and KBI under the FRAME CONTRACT defining the material list of EQUIPMENT to be supplied under INDENT 19.

K-TYPE ACCOUNT

Shall mean the account specified as such in Instruction No. 93-I of the Central Bank of the Russian Federation dated 12.10.2000.

LICENCE

Shall mean licence No. 10005 awarded by the Ministry of Communications of the Russian Federation to KB Impuls and valid until 28 April 2008 and extensions or renewal thereof to operate a DCS-1800 and/or GSM 900 radiotelephone communication system for Moscow city and the Moscow region, (comprising approximately 15 million inhabitants) and all permits necessary properly to exercise the LICENCE and to develop and operate such type of communication.

NON-RESIDENT BANK

Shall mean a bank established outside the Russian Federation that has a K-type Account with Citibank T/O, Moscow, or another Russian authorized bank, provided that ALCATEL has approved such bank.

PHASE 19

Shall mean Phase 19 (Indent 19) under the FRAME CONTRACT (for avoidance of doubt, being the fifteenth phase under the FRAME CONTRACT and being numbered as 19, to continue numbering from the previous Frame Agreement between the Parties dated 25 May 1996).

PLEDGE AGREEMENT

Shall mean the Pledge Agreement between the parties dated 25 May 1996 as amended by the First Amendment dated 8 December 1999, the Second Amendment dated 19 May 2000, the Third Amendment dated 23 August 2000, the Fourth Amendment dated 7 September 2000, the Fifth Amendment dated 6 November 2000 and the Sixth Amendment dated 26 December 2000, the Seventh Amendment dated 7 February 2001, the Eighth Amendment dated 16 February 2001, the Ninth Amendment dated 22 March 2001, the Tenth Amendment dated 9 May 20001, the Eleventh Amendment dated 17 May 2001, the Twelfth Amendment dated 22 June 2001, the Thirteenth Amendment dated 20 July 1001, the Fourteenth Amendment dated 8 October 2001, the Fifteenth Amendment dated 29 October 2001, the Sixteenth Amendment dated 5 November 2001, the Seventeenth Amendment dated 12 November 2001, the Eighteenth Amendment dated 30 November 2001, the Nineteenth Amendment dated 08 January 2002, the Twentieth Amendment dated 08 January 2002, the Twenty-First Amendment dated 27 March 2002, the Twenty-Second Amendment dated 17 April 2002, the Twenty-Third Amendment dated 17 April 2002 and the Twenty-Fourth Amendment of even date herewith and as further amended from time to time.

POTENTIAL EVENT OF DEFAULT

Shall mean any event or circumstance which, if continued after the giving of any notice and/or (as the case may be) the making of any determination would become an EVENT OF DEFAULT.

PROJECT

Shall mean the development of a large-scale DCS-1 800 and/or GSM 900 radiotelephone communication network in Moscow city and the Moscow region in accordance with the LICENCE and FRAME CONTRACT.

ROUBLES

Shall mean the lawful currency of the Russian Federation.

SERVICES

Shall mean the network planning, site survey, installation and training to be provided for PHASE 19 under the SERVICES CONTRACT.

SERVICES CONTRACT

Shall mean the agreement for the provision of SERVICES in respect of the installation of the EQUIPMENT and related matters between KBI and the SERVICE PROVIDER.

VIMPELCOM

Shall mean Open Joint Stock Company "Vimpel-Communications", an open joint stock company organised under Russian law whose principal location/registered office is at 8 Marta Ulitsa, 10 building 14, Moscow 125083, Russia.

Any terms written in capitals in this AGREEMENT which have not been defined in this Article 1 shall unless the context otherwise requires have the meaning given to them in the FRAME CONTRACT.

ARTICLE 2. PAYMENT TERMS

2.1 Payment Commitment

KBI irrevocably commits itself to pay to ALCATEL the price of the EQUIPMENT ordered by KBI under the INDENT 19, as expressed in Article 2.2 of this AGREEMENT.

All such payments will be made in EURO.

2.2 Payment terms for EQUIPMENT are as follows:

2.2.1 the sum of EURO 1.800.000,00 (one million eight hundred thousand EURO) being 15% of the sum of EURO 12.000.000,00 (twelve million EURO) shall be paid by KBI to ALCATEL upon the presentation by ALCATEL of the corresponding invoice on the day falling 8 calendar days before the date of loading by ALCATEL for shipment to KBI of the first consignment of the EQUIPMENT (the "**START DATE PHASE 19**"). Such invoice may be presented by ALCATEL not earlier than 60 calendar days and not later than 10 calendar days before START DATE PHASE 19. ALCATEL shall obtain and together with such invoice provide KBI with the original of a guarantee to a maximum amount of EURO 1.800.000,00 (one million eight hundred thousand EURO) from an international bank in respect of ALCATEL's obligation to return to KBI such down-payment or part of it, if within 90 calendar days from such down-payment EQUIPMENT for PHASE 19 delivered at the point of customs clearance in the City of Moscow or Moscow Region (Moskovskaya Oblast) is less in value than the amount of such down-payment.

2.2.2 the remainder of the price of the EQUIPMENT being the sum of EURO 10.200.000,00 (ten million two hundred thousand EURO) shall be paid by KBI to ALCATEL to an account specified by ALCATEL within 30 days of the arrival of the corresponding consignment of the EQUIPMENT at the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast). Notwithstanding the foregoing if ALCATEL shall have received written notice from KBI in accordance with Article 2.2.2 of INDENT 19 of the exercise of KBI's option to use the DEFERRED PAYMENT FACILITY and following satisfaction of the other conditions to effectiveness provided *inter alia* in Article 11 of this AGREEMENT then such sum shall be payable by KBI to ALCATEL in accordance with the other provisions of this AGREEMENT.

ARTICLE 3. AMOUNT – CURRENCY – PURPOSE - UTILISATION

3.1 Amount

With effect on and from the EFFECTIVE DATE, ALCATEL agrees to grant to KBI the DEFERRED PAYMENT FACILITY for an aggregate amount of EURO 10.200.000,00 (ten million two hundred thousand EURO).

3.2 Currency

This DEFERRED PAYMENT FACILITY will be granted in EURO.

3.3 Purpose

ALCATEL and KBI agree that the DEFERRED PAYMENT FACILITY shall be exclusively used by

KBI in order to finance the payments of the price of the EQUIPMENT stated in the invoices madeby ALCATEL in accordance with the provisions of PHASE 19, INDENT 19 and the FRAME CONTRACT.

3.4 Utilisation

This DEFERRED PAYMENT FACILITY will be utilised subject in particular to the provisions of Articles 3.5 and 11 of the AGREEMENT and to the presentation by ALCATEL to KBI of the following documents for the relevant consignment of EQUIPMENT:

- a copy of the commercial invoice
- a copy of the shipping documents

The utilisation of the DEFERRED PAYMENT FACILITY shall be deemed to have been made by KBI for payments due by KBI pursuant to Article 2.2.2 hereof.

3.5 The DEFERRED PAYMENT FACILITY will only be available for utilisation if, on the proposed date for utilisation:

3.5.1 all representations and warranties in Article 10 have been complied with and would be correct if repeated on that date by reference to the circumstances then existing; and

3.5.2 no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT has occurred on or before that date or will occur as a result of that utilisation.

ARTICLE 4. PERIOD OF UTILISATION OF THE DEFERRED PAYMENT FACILITY

The DEFERRED PAYMENT FACILITY shall be available in accordance with Article 3 hereof.

ARTICLE 5. REIMBURSEMENT OF THE DEFERRED PAYMENT FACILITY

The amounts due by KBI under the DEFERRED PAYMENT FACILITY shall be repaid by KBI to ALCATEL as follows:

5.1 Principal: In 6 (six) equal and consecutive semi-annual installments, the first such installment becoming due six months after the DATE OF ACCEPTANCE provided that such first installment shall in any event become due no later than 28 August, 2003;

5.2 Interest accruing on the full outstanding amount of the DEFERRED PAYMENT FACILITY shall be payable in arrears in full on the date for the repayment of each semi-annual installment of principal.

ARTICLE 6.

[intentionally omitted]

ARTICLE 7. INTEREST

7.1 Computation

Interest due in respect of the DEFERRED PAYMENT FACILITY will be computed at the following rate per annum:

6-month EURIBOR + 2.9%

Such interest will be calculated on a 365 over 360 day basis and the actual number of days elapsed.

7.1.1 In respect of the DEFERRED PAYMENT FACILITY:

For the calculation of interest there will be six consecutive interest periods. The first interest period shall be the period starting on the date falling 30 days after delivery of the first consignment of the EQUIPMENT to the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast) and ending on the date for the first repayment to be made pursuant to Article 5. Each subsequent interest period shall start on the last date of the preceding period and end on the next date for repayment to be made under PHASE 19 pursuant to Article 5.

7.1.2 The rate of interest in respect of the first interest period shall be the rate determined by Alcatel and notified to KBI by applying the above mentioned interest rate irrespective of the actual duration of such first interest period on the date falling ***2*** BUSINESS DAYS prior to the date faIling 30 days after the delivery of the first consignment of EQUIPMENT (as the case may be) to the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast).

The rate of interest in respect of each subsequent interest period shall be the rate determined by ALCATEL according to this AGREEMENT and notified to KBI two BUSINESS DAYS prior to the commencement of such interest period.

If an interest period would otherwise end on a day which is not a BUSINESS DAY, that interest period will instead end on the next BUSINESS DAY.

7.2 Delayed payment

7.2.1 If KBI does not pay the sums payable under this AGREEMENT when due, it shall pay interest on the amount from time to time outstanding in respect of that overdue sum for the period beginning on its due date and ending on the date of its receipt by ALCATEL (both before and after judgment) in accordance with this Article 7.2.

7.2.2 Such interest shall be calculated and payable by reference to successive interest periods, each of which (other than the first, which shall begin on the due date) will begin on the last day of the previous period. Each such period will be for a duration of six months and the rate of interest applicable for a particular period will be EURIBOR (calculated on the first day of that interest period) plus 9 per cent per annum. For the avoidance of doubt interest payable under this Article 7.2 is payable in respect of the actual period in respect of which any delayed payment is outstanding and not in respect of 6 month periods.

7.2.3 Interest payable under this Article 7.2 shall be capitalised on the last day of each period in respect of which it is calculated and on the date of payment of the overdue sum. Any interest which is not paid when due will be added to the overdue sum and will itself bear interest accordingly.

ARTICLE 8. FINANCIAL EXPENSES

All charges, fees and stamp duties (including legal fees) accruing in connection with the conclusion, implementation and enforcement of this AGREEMENT shall be paid by KBI on demand (or in the case of stamp duties) promptly and in any event before any interest or penalty becomes payable.

ARTICLE 9. PAYMENTS

9.1 Prepayment

KBI may prepay all or part of the principal sums due under this AGREEMENT on any date, provided that:

9.1.1 KBI shall give to ALCATEL at least 30 (thirty) days' prior notice of each payment, specifying the principal amount to be prepaid and the date ofproposed prepayment;

9.1.2 Each partial payment of principal shall be in aggregate amount a minimum of EURO 100,000 (one hundred thousand) and shall be a whole multiple of EURO 100,000 (one hundred thousand);

9.1.3 The interest on the principal prepaid, accrued to the date of prepayment, shall be repaid in full on the date of prepayment together with any other sum then due under the AGREEMENT.

Notwithstanding anything to the contrary in this Agreement, upon the occurrence of any event which will constitute an EVENT OF DEFAULT if not cured within a cure period as provided in Article 13.2, KBI shall have the right to prepay in full the principal sums due under this AGREEMENT, along with any accrued interest thereon and any other amounts outstanding under this AGREEMENT, within any originally applicable cure period without any prior notice to ALCATEL. Should KBI effect any such prepayment, it shall indemnify ALCATEL or the assignee as the case may be for any cost of broken funds.

All sums prepaid pursuant to this Article shall be applied in the reverse order of the maturity dates of all amounts outstanding under the DEFERRED PAYMENT FACILITY and in the same order as provided in Article 9.3 and interest shall be cancelled or adjusted accordingly.

No amount repaid whether under this or any other Article under this AGREEMENT may be redrawn.

Should, however, ALCATEL intend to assign all or part of its rights and obligations under this AGREEMENT for refinancing purposes as outlined in Article 18.2 hereinafter, it shall give written notice thereof to KBI. Upon receipt of such written notice KBI shall have the option within 30 calendar days to prepay all or part of the principal sums due hereunder by applying the prepayment rules stated herein above. Regarding any amount not prepaid by KBI to ALCATEL within such 30 day period such right to prepay shall be cancelled. Should KBI effect any may be for cost of broken funds.

9.2 Method of payment

Payments in favour of ALCATEL shall be made on the due date before 10.00 a.m. local time (Frankfurt time) on the account to be notified by ALCATEL or another account which shall be from time to time designated to KBI in writing with at least 30 (thirty) days advance notice.

If the due date is not a BUSINESS DAY, payment shall be made the next succeeding BUSINESS DAY unless the next BUSINESS DAY falls in the next succeeding calendar month, in which case the immediately preceding BUSINESS DAY shall be deemed to be the date of payment.

Payments will be paid in Euro.

At any time after an EVENT OF DEFAULT described in Article 13.2. of this AGREEMENT has occurred, amounts due under the DEFERRED PAYMENT FACILITY shall, upon receipt by KBI of a written notice from ALCATEL, be paid by KBI in ROUBLES to the K-type Account of a NonResident Bank. In this case, KBI shall pay to the K-type Account of the Non-Resident Bank an amount in ROUBLES that is sufficient to ensure that, after such ROUBLES have been converted into EUROS, and after any fees, commissions, expenses, conversion charges, costs and other amounts have been deducted (whether on account of banking services or otherwise), ALCATEL will receive an amount in EUROS equal to the amount in EUROS that is owing to it under the other provisions of this AGREEMENT. The obligations of KBI hereunder will only be discharged to the extent that ALCATEL receives into its account in Germany full payment in EUROS in relation to all amounts due hereunder.

For avoidance of doubts this provision is only an option for ALCATEL and does not create any rights for KBI.

9.3 Application of payment

Payments received from KBI shall be applied upon the then existing indebtedness of KBI pursuant to this AGREEMENT in the following order, in each case starting with the oldest maturities:

9.3.1 interest for late payment;

9.3.2 interest;

9.3.3 any other amount due pursuant to this AGREEMENT with the exception of principal;

9.3.4 principal;

9.3.5 principal in advance, in inverse chronological order of the maturity date of the instalments.

9.4 Taxes, Absence of Deductions

Notwithstanding that KBI shall pay the taxes on the amounts due to ALCATEL in accordance with the terms of Article 3.3 of the FRAME CONTRACT all payments by KBI pursuant to this AGREEMENT shall be made to ALCATEL free and clear of and without set-off or counterclaim and without deduction of any taxes, duties, withholdings or similar charges of any nature whatsoever, present or future, in Russia or any political subdivision thereof, unless KBI shall be compelled by law to make such deductions, in which case:

9.4.1 KBI shall pay such additional amounts as may be necessary in order that the net amounts received by ALCATEL shall equal the gross amounts of principal and interest agreed to be paid under this AGREEMENT as if no such deduction or withholding had taken place; and

9.4.2 KBI will immediately forward to ALCATEL written evidence of the payment of such deductions, taxes or duties withheld.

In any event the Parties shall cooperate in good faith in order to avoid any withholding or deduction (when lawful) and double taxation and shall provide to each other all documents reasonably required under the relevant legislation.

ARTICLE 10. REPRESENTATIONS AND WARRANTIES

KBI acknowledges that ALCATEL has entered into this AGREEMENT in full reliance on the representations made by KBI in the following terms; and KBI now warrants and represents in favour of ALCATEL that:

10.1 KBI is duly registered and validly existing under the laws of the Russian Federation as a joint stock company and has power to carry on its business as it is now being conducted and to use and enjoy its property and other assets, and has satisfied all its tax obligations;

10.2 KBI has a LICENCE which authorizes it to carry out the PROJECT

10.3 the execution, delivery and performance of this AGREEMENT, INDENT 19, the FRAME CONTRACT, the SERVICE CONTRACT and the Twenty- Fourth Amendment to the PLEDGE AGREEMENT are within its corporate powers, have been duly authorised by all necessary corporate action, and do not conflict with or violate any law, regulation, decree, ruling, judgment or order, or KBI founding documents, or any contract or other instrument binding upon KBI or any of its assets nor result in the creation or imposition of any lien or charge on any property of KBI, or result in the acceleration of any obligation, or in a condition or event which constitutes an event of default under any agreement or instrument binding upon KBI or conflict with any present liabilities of KBI;

10.4 INDENT 19, the FRAME CONTRACT, the SERVICE CONTRACT, this AGREEMENT and the Twenty - Fourth Amendment to the PLEDGE AGREEMENT to be delivered thereunder constitute the legal, valid and binding obligations of KBI, enforceable in accordance with their respective terms;

10.5 on the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY, all authorisations, consents, approvals and licences of all competent authorities in the Russian Federation will have been obtained, all material contracts necessary to the implementation of the LICENCE will be effective and all filings, registrations, recordings and notarisations, required or appropriate for the validity, delivery, performance, enforceability or admissibility in evidence in the courts of Russia of INDENT 19, the FRAME CONTRACT, the SERVICE CONTRACT, the GUARANTEE, this AGREEMENT and the Twenty Second Amendment to the PLEDGE AGREEMENT to be delivered hereunder, will have been obtained and will be valid, and in full force and effect;

10.6 there is no litigation, arbitration or administrative proceeding in course or to the knowledge of the officers of KBI, pending or threatened against KBI which could have a material adverse effect on the BUSINESS, assets or financial status of KBI;

10.7 KBI is not in breach of any obligation under any agreement to which it is a party or by which it may be bound, which breach would affect the ability of KBI to perform any of its obligations under this AGREEMENT;

10.8 no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT has occurred and is continuing or will occur as a result of any utilisation under the DEFERRED PAYMENT FACILITY; nor is KBI, to an extent or in a manner which could affect the ability of KBI to perform any of its obligations under this AGREEMENT, in breach or default under any other agreement;

10.9 all information and reports furnished by KBI to ALCATEL under the AGREEMENT are true and accurate in all material respects and not misleading, and do not omit any material facts for which reasonable enquiries have been made to verify the accuracy of such assumptions;

10.10 KBI has the technical and commercial abilities to operate the PROJECT, and KBI either itself or through personnel of the Group that KBI is authorised to use has sufficient qualified management and technical personnel to support the execution and operation of the PROJECT;

The representations and warranties set out in Articles 10.1, 10.3, and 10.4 of this AGREEMENT shall be deemed to be repeated on the first day of each interest period (as determined in accordance with Article 7.1.1 of this AGREEMENT).

ARTICLE 11. CONDITIONS OF EFFECTIVENESS

11.1 The obligation of ALCATEL to provide the DEFERRED PAYMENT FACILITY hereunder is subject to the conditions precedent that:

11.1.1 ALCATEL shall have received written notice from KBI pursuant to and in accordance with Article 2.2.2 of INDENT 19, of the exercise of KBIs option to use the DEFERRED PAYMENT FACILITY.

11.1.2 to the extent that KBI exercises its option to finance INDENT 19 thereby, obtaining by VIMPELCOM and KBI of all necessary shareholder and other internal consents and authorisations (in each case in a form reasonably satisfactory to ALCATEL) in connection with preparation, negotiation and signing of this AGREEMENT, the Twenty- Fourth Amendment to the PLEDGE AGREEMENT and the GUARANTEE;

11.1.3 INDENT 19, the GUARANTEE, this AGREEMENT and the Twenty- Fourth Amendment to the PLEDGE AGREEMENT have been signed in a form and substance satisfactory to ALCATEL;

11.1.4 ALCATEL shall have received payment in full of the amount due from KBI in accordance with Article 2.2.1; and

11.1.5 to the extent that any EQUIPMENT has been delivered to KBI under INDENT 19 or the FRAME CONTRACT prior to or on the date of the satisfaction of the conditions precedent contained in Articles 11.1.1, 11.1.2, 11.1.3 and 11.1.4 ALCATEL shall have received an extract from the register of pledges of KBI evidencing the restriction of a hard pledge over such EQUIPMENT securing KBI's obligations under this AGREEMENT and the Deferred Payment Agreement between the parties dated 25 May 1996 as amended from time to time.

11.2 The obligation of ALCATEL to continue to provide the DEFERRED PAYMENT FACILITY and to make further deliveries under the terms of the FRAME CONTRACT and INDENT 19 on deferred payment terms is subject to the conditions precedent that arising on the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY:

11.2.1 no breach of covenant or EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT within the meaning of Article 12 and 13 hereinafter, shall have occurred and be continuing on the date of the DEFERRED PAYMENT FACILITY;

11.2.2 the representations and warranties made by KBI, as set forth in Article 10 hereof, and made by VIM PELCOM under the GUARANTEE shall be true and correct on and as of the date of the making of the DEFERRED PAYMENT FACILITY with the same force and effect as if made on and as of such date;

11.2.3 the conditions of effectiveness defined in paragraph 11.1 above continue to be satisfied and that nothing has occurred (and which may have a substantial impact on the performance hereof) which would restrict (i) KBI's ability to perform its obligations hereunder or under the FRAME CONTRACT, the SERVICE CONTRACT or INDENT 19 or to operate the EQUIPMENT or to effect repayments hereunder, (ii) VlMPELCOM~s ability to perform their respective obligations under the GUARANTEE; and

11.2.4 ALCATEL shall have received the names and specimen signatures of KBI's representatives who are duly authorised to sign the documents required under this AGREEMENT, duly authenticated by a notary in accordance with Russian legislation approved by ALCATEL.

11.3 ALCATEL will notify KBI in writing at such time as all the above conditions precedent have been fulfilled.

ARTICLE 12. COVENANTS

KBI hereby covenants that as of the date of this AGREEMENT and as long as any amount remains due by it pursuant to this AGREEMENT:

12.1 KBI shall obtain all authorisations, orders, consents and approvals which may be required after the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY for the fulfilment of any of its obligations hereunder and for KBI to implement the PROJECT and to exercise its rights effectively under the LICENCE;

12.2 KBI shall not merge with another company or reorganise or voluntarily liquidate without ALCATEL's prior written consent;

12.3 KBI shall promptly inform ALCATEL of litigation, arbitration, or administrative or other legal or extra judiciary proceedings filed upon it or any of its assets which may materially affect KBI's ability to perform its obligations hereunder orALCATEL's rights hereunder including in relation to insolvency, administration, arrest or enforcement against KBI or any of its property or assets;

12.4 promptly upon becoming aware of the same, give written notice to ALCATEL of the occurrence of any EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT, including any EVENT OF DEFAULT or POTENTIAL EVENT OF DFAULT arising as the result of any other default of KBI under any indebtedness with an aggregate principal amount in excess of USD 2.5 million or VIMPELCOM under any indebtedness with an aggregate principal amount in excess of USD 10 million (or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default);

12.5 KBI shall create a charge on the EQUIPMENT and replacement thereof, to the benefit of ALCATEL as security for the payment of all amounts due to ALCATEL hereunder. Such charge shall be made in accordance with the laws of Russia and at the earliest time permitted thereunder and duly registered in KBI's books and mentioned in KBI's audited accounts and in KBI's pledge book to be maintained in accordance with Russian legislation and made available to any creditor or interested third party. KBI shall be obliged to register such pledge in respect of all of the EQUIPMENT and shall promptly supply ALCATEL with a certified extract from KBI's pledge book in respect of such registration within 21 days of delivery of the relevant EQUIPMENT;

12.6 Other than the charge defined in 12.5 above KBI shall not create or permit to exist any mortgage, security interest, title retention agreement or other lien, charge or encumbrance with respect to any piece of the EQUIPMENT and replacement thereof. KBI shall register this negative pledge in its books and in KBI's pledge book to be maintained in accordance with Russian legislation and mention the same in its audited accounts.

12.7 KBI shall maintain the EQUIPMENT and shall take all necessary measures and precautions that are reasonably required in order to prevent direct or indirect damage or loss of such equipment, and KBI shall insure the equipment in the currency and in the amount of its purchase price; provided, that for equipment for which the purchase price was denominated in US Dollars, KBI may insure such equipment in Euros in an amount equal to the Central Bank of Russia cross rate for such US Dollar amount, determined as of the date of the agreement under which such insurance is provided;

12.8 disregarding sales of stock in trade in the ordinary course of business, KBI shall not sell, lease (other than permitted by ALCATEL by written waiver), transfer or otherwise dispose of, by one or more transactions or series of transactions (whether related or not) the whole or any substantial part of the BUSINESS or its assets which materially affects KBI's ability to perform its obligations hereunder orALCATEL's rights under this AGREEMENT;

12.9 Other than permitted by ALCATEL by written waiver KBI shall not permit any future indebtedness for borrowed moneys, guarantee or other obligations of KBI which may materially adversely affect KBI's ability to perform its obligations hereunder. Should KBI prefer in order to avoid any doubt to make request for Alcatel's permission in respect to borrowings from VIMPELCOM, such permission shall be deemed to have been given by ALCATEL, if within 10 days of receipt by ALCATEL of a written request for such permission KBI has not received a written reply to its request.

12.10 Other than

(i) with respect to equipment not subject to any lien, mortgage, pledge, charge, security interest, hypothecation or ENCUMBRANCE in favor of ALCATEL (including any EQUIPMENT released from the Pledge Agreement in accordance with the terms thereof),

(ii) any insurance proceeds of any property covered by any lien or similar interest permitted hereunder, and

(iii) as permitted byALCATEL in the letter waiver dated March 13, 2000

KBI will not at any time create, permit to be created, incur, assume or suffer to exist any lien, mortgage, pledge, charge, security interest, hypothecation or ENCUMBRANCE upon or with respect to any revenues or properties or with respect to the right to receive income (now existing or hereafter arising) as security for any debt of KBI;

12.11 The sums due under the DEFERRED PAYMENT FACILITY shall constitute secured obligations of KBI and shall at all times rank pan passu and without preference among themselves. The payment obligations of KBI under the DEFERRED PAYMENT FACILITY shall, save for such exceptions as may be provided by applicable legislation, at all times rank equally with all their other present and future unsecured and unsubordinated obligations. The claims of ALCATEL against KBI under the PLEDGE AGREEMENT rank in priority to the claims of all other creditors of KBI, except as may be provided by applicable legislation;

12.12 KBI will deliver to ALCATEL:

12.12.1 as soon as they become available (and in any event within 180 days of the end of each of VIMPELCOM's fiscal years), the consolidated balance sheet of the Group as at the close of that fiscal year and the Group's consolidated income statement of changes in financial position for that fiscal year, prepared in accordance with generally accepted principles of International Accounting Standards (lAS) or United States Generally Accepted Accounting Principles (US GAAP), applied on a basis consistent with that used in preparing the Group's audited consolidated financial statements for prior years (or together with disclosure of changes in accounting policy since audited financial statements for prior years), certified by Ernst & Young licensed accounting firm or by another firm of independent accountants of international standing selected by VIMPELCOM and acceptable to ALCATEL as fairly presenting the financial condition of the Group on a consolidated basis as at the close of that fiscal year and the results of the Group's operations for that fiscal year on consolidated basis (the "Annual Statements"). The certification shall include or be accompanied by a statement that, during the examination by that firm of those financial statements, the firm observed or discovered no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT as defined in Article 13 - Supervision & Termination - of the AGREEMENT or a detailed description of any EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT if any is observed or discovered;

12.12.2 as soon as they become available (and in any event within 90 days of the end of the first half of each of VIMPELCOM's financial years), copies of the Group's financial statements for the first half of the financial year which shall contain a consolidated income statement and a consolidated balance sheet of the Group;

12.12.3 promptly, such additional financial or other information as ALCATEL may from time to time request.

For the purposes of sub-Articles 12.12.1 and 12.12.2 as well as Article 10.10 the term **"Group"** shall mean VIMPELCOM, its subsidiaries and subsidiary undertakings as defined in accordance with International Accounting Standards or United States Generally Accepted Accounting Principles as the case may be.

12.13 ALCATEL will have the right to audit, or to have audited, through an international audit company selected by ALCATEL, at KB l's Premises but at ALCATEL's expense, the fiscal statements, books and other financial documentation and information of KBI;

12.14 KBI shall not use the EQUIPMENT delivered under the FRAME CONTRACT for any other purposes than those set forth in the LICENCE; and

12.15 KBI will ensure that there is no material change in the nature of the BUSINESS (whether by a single transaction or a number of related or unrelated transactions, whether at one time or over a period of time and by disposal, acquisition or otherwise); and

12.16 KBI shall not make dividend payments to VIMPELCOM or any other direct or indirect shareholder; provided, that so long as no EVENT OF DEFAULT exists and is continuing under this AGREEMENT and no "event of default" or "guarantor default" (as defined therein) exists and is continuing under any other Deferred Payment Agreement entered into by KBI and ALCATEL or the GUARANTEE or any other Guarantee given by VIMPELCOM in favor of ALCATEL, in each case in connection with the FRAME CONTRACT, KBI may pay dividends in any year in an amount not greater than 80% of the net profit of KBI for such year.

ARTICLE 13. SUSPENSION – TERMINATION – EVENTS OF DEFAULT

13.1 ALCATEL shall have the right at its sole discretion to terminate the DEFERRED PAYMENT FACILITY upon the occurrence of an EVENT OF DEFAULT as defined in Article 13.2 hereunder. In such case the repayment of all amounts due under the DEFERRED PAYMENT FACILITY as the case may be may be accelerated by written notice of ALCATEL and become due and payable immediately upon such notice and any other agreement between KBI and ALCATEL may be terminated byALCATEL.

ALCATEL may in its sole discretion elect not to terminate but to suspend this AGREEMENT on an EVENT OF DEFAULT. On suspension by ALCATEL of this AGREEMENT ALCATEL may agree without prejudice to its right to terminate or require repayment of all sums due in connection herewith on demand, to defer repayments of interest, capitalized interest or principal provided that interest shall continue to accrue on such sum in the manner provided herein.

13.2 The following events shall each be deemed to be an EVENT of DEFAULT under this AGREEMENT:

13.2.1 any failure by KBI to repay any amount due to ALCATEL under this AGREEMENT, the SERVICE CONTRACT or any INDENT to the FRAME CONTRACT or the Deferred Payment Agreements related thereto (Indent 5 Deferred Payment Agreement, Indent 6 Deferred Payment Agreement, Indent 7 Deferred Payment Agreement, Indent 8 Deferred Payment Agreement, Indent 9 Deferred Payment Agreement, Indent 10 Deferred Payment Agreement, Indent 11 Deferred Payment Agreement, Indent 13 Deferred Payment Agreement, Indent 14 Deferred Payment Agreement, Indent 15 Deferred Payment Agreement, the Indent 16 Deferred Payment Agreement, the Indent 17 Deferred Payment Agreement and the Indent 18 Deferred Payment Agreement), the Frame Contract dated 25 May 1996 as amended from time to time, any Indents thereto or the Deferred Payment Agreement dated 25 May 1996 as amended from time to time within ninety (90) days after the date on which it becomes due and payable;

13.2.2 any default, other than failure to repay (which if capable of remedy, is not remedied and continues for a period of 15 (fifteen) days after receipt of notice from ALCATEL requiring remedy and which may have a substantial impact on the performance hereof) in the performance of **any** covenant or obligation on the part of KBI under this AGREEMENT or any other agreement (in each case as amended and as further amended from time to time) between KBI and ALCATEL including the FRAME CONTRACT, any INDENT, the SERVICE CONTRACT, the Frame Contract dated 25 May 1996, any Indents thereto, the Deferred Payment Agreement dated 25 May 1996, the Indent 5 Deferred Payment Agreement dated 23 August 2000, the Indent 6 Deferred Payment Agreement dated 7 September 2000, the Indent 7 Deferred Payment Agreement dated 26 December 2000, the Indent 8 Deferred Payment Agreement dated 16 February 2001, the Indent 9 Deferred Payment Agreement dated 9 May 2001, the Indent 10 Deferred Payment Agreement dated 22 June 2001, the Indent 11 Deferred Payment Agreement dated 20 July 2001, the Indent 13 Deferred Payment Agreement dated 5 November 2001, the Indent 14 Deferred Payment Agreement dated 12 November 2001, the Indent 15 Deferred Payment Agreement dated 08 January 2002, the Indent 16 Deferred Payment Agreement dated 08 January 2002, the Indent 17 Deferred Payment Agreement dated 27 March 2002 and the Indent 18 Deferred Payment Agreement dated 17 April 2002 or the PLEDGE AGREEMENT including failure to register the pledge created in accordance with the terms of the PLEDGE AGREEMENT in respect of any EQUIPMENT, provided, however, that so long as KBI is actively pursuing the cure of such breach and has advised

ALCATEL in writing that it believes in good faith that a cure is reasonably possible within 90 (ninety) days of the occurrence of such breach, any breach of Article 12.1 shall be considered an EVENT OF DEFAULT only if such breach continues for a period of 90 (ninety) days.

13.2.3 any default (which, if capable of remedy is not remedied and continues for a period of 15 (fifteen) days after receipt of notice from ALCATEL requiring remedy) in the performance of any covenant or obligation on the part of VIMPELCOM under the GUARANTEE or the Deeds of Guarantee issued by VIMPELCOM in respect of the Indent 5 Deferred Payment Agreement dated 23 August 2000 or the Indent 6 Deferred Payments Agreement dated 7 September 2000, the Indent 7 Deferred Payment Agreement dated 26 December 2000, the Indent 8 Deferred Payment Agreement dated 16 February 2001, the Indent 9 Deferred Payment Agreement dated 9 May 2001, the Indent 10 Deferred Payment Agreement dated 22 June 2001, the Indent 11 Deferred Payment Agreement dated 20 July 2001, the Indent 13 Deferred Payment Agreement dated 5 November 2001, the Indent 14 Deferred Payment Agreement dated 12 November 2001, the Indent 15 Deferred Payment Agreement dated 08 January 2002, the Indent 16 Deferred Payment Agreement dated 08 January 2002, the Indent 17 Deferred Payment Agreeement dated 27 March 2002 and the Indent 18 Deferred Payment Agreement dated 17 April 2002 in each case between ALCATEL and KBI or the Guarantors under the Deed of Guarantee issued in respect of the Deferred Payment Agreement dated 25 May 1996 between ALCATEL and KBI as amended from time to time

13.2.4 any representation, warranty or statement by KBI in this AGREEMENT or in any document delivered hereunder or by VIMPELCOM under the GUARANTEE is not complied with or is or proves to have been incorrect when made or deemed repeated, provided, that it shall not constitute an EVENT of DEFAULT if a representation and warranty to be repeated in accordance with the last paragraph of Article 10 is incorrect unless the failure of such representation and warranty to be correct continues unremedied for a period of 15 (fifteen) days;

13.2.5 nationalisation, seizure or expropriation of KBI or a substantial part of its assets;

13.2.6 bankruptcy, voluntary liquidation, reorganisation or liquidation by decree of court of KBI;

13.2.7

(i) default of KBI under any indebtedness with an aggregate principal amount in excess of USD 2.5 million or VIMPELCOM under any indebtedness with an aggregate principal amount in excess of USD 10 million (or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default)

(a) resulting from the failure to pay principal or interest (in the case of an interest default or a default in the payment of principal other than at its stated maturity date, after the expiration of any originally applicable grace period) in an aggregate amount in excess of USD 1.25 million (in the case of KBI) or USD 5 million (in the case of VIMPELCOM, in each case or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) when due; or

(b) as a result of which the maturity of such indebtedness has been accelerated prior to its stated maturity date;

(ii) default (howsoever described, other than as a result of the breach of a covenant to pay principal and interest) of KBI under any indebtedness with an aggregate amount in excess of USD 2.5 million or VIMPELCOM under any indebtedness with an aggregate principal amount in excess of USD 10 million (or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) as a result of which the maturity of any other indebtedness ***may be*** accelerated prior to its stated maturity date.

13.2.8 imposition of any exchange control mechanism which would prevent or substantially delay receipt by ALCATEL of payments in convertible currencies (or convertible currency proceeds of conversions of payments in Rubles) by KBI to ALCATEL, if not remedied within a period of 90 (ninety) days;

13.2.9 loss or expiry of the LICENCE (or modification thereto which has an adverse impact on the financial capacity of KBI to repay any amount due to ALCATEL hereunder) for a period of more than 90 (ninety) days without the LICENSE being replaced or reinstated, or non-compliance by KBI of its obligations under the LICENCE for a period of more than 90 (ninety) days, or the termination of any material agreement, permission or consent necessary to undertake the BUSINESS encompassed by the PROJECT and this AGREEMENT for a period of more than 90 (ninety) days without the agreement, permission or consent being replaced or reinstated;

13.2.10 Taking into account VIMPELCOM's support and the GUARANTEE a deterioration in the financial condition of KBI or of VIMPELCOM or either of the same has occurred and as a consequence thereof ALCATEL considers that KBI or VIMPELCOM or either of the same are unable or unwilling to perform their obligations in respect of their respective obligations under the GUARANTEE, or if the GUARANTEE becomes or is claimed by those persons to be, invalid and/or unenforceable or is otherwise repudiated by those persons;

13.2.11 change of ownership or control of KBI without ALCATEL's written consent which shall not be unreasonably withheld. Change of ownership or control of KBI shall be determined in accordance with the rules of the International Accounting Standards and shall be deemed for these purposes to include, but not be limited to, the acquisition of any shares in KBI (or rights, securities or investments convertible or exchangeable into, or providing the right to acquire such shares) by any competitor of ALCATEL in the mobile telecommunications equipment manufacturing field or the making any other management, shareholders', voting or other arrangement conferring the right on such competitor to influence materially management decisions of KBI provided that any such acquisition or arrangement made by Telenor AS (or its successors in title) or a member of the Telenor AS group shall be disregarded for this purpose;

13.2.12 other than in connection with

(i) the imposition of any exchange control mechanism or change therein,

(ii) any loss or expiry of the LICENCE (or modification thereto),

(iii) non-compliance by KBI with its obligations under the LICENCE, any consent or approval necessary for the performance hereof or of the GUARANTEE is not obtained, ceases to be in full force and effect or is not complied with or will become unlawful for KBI or VIMPELCOM to perform or comply with the respective obligations hereunder or under the GUARANTEE;

13.2.13 any final judgment or order (not covered by insurance) for the payment of money in excess of USD 1 million (or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount) in the aggregate for all such final judgments or orders (treating any deductibles, self-insurance or retention as not so covered) is rendered against KBI and is not paid or discharged, and there is any period of 60 (sixty) consecutive calendar days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged to exceed USD 1 million (or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount) during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, is not in effect;

13.2.14 any resolution of KBI or any other person or governmental body or agency (each having such authority under applicable law) on the following matters without the approval of ALCATEL:

(i) the appointment of an administrator in respect of KBI or the liquidation or reorganisation of KBI or presentation of any petition for the winding-up of KBI or any of its subsidiaries which is material to the BUSINESS;

(ii) the acquisition by KBI of any assets or property (other than in the ordinary course of business) save where such acquisition has been specifically identified and approved in the annual operating budget of KBI or VIMPELCOM as amended from time to time;

(iii) the acquisition by KBI of any charter capital or other securities of any legal person or organisation or of any business of any legal person or organisation, the disposal by KBI of any participation in the charter capital or of other securities of any other subsidiary of KBI;

(iv) the sale or disposition of any fixed assets of KBI (other than in the ordinary course of the Business) save where a disposal has been specifically identified and approved in the annual operating budget of KBI or VIMPELCOM as amended from time to time and save as provided in the PLEDGE AGREEMENT and any pledge of the EQUIPMENT;

(v) the giving by KBI of any guarantee or indemnity which may materially adversely affect KBI's ability to perform its obligations hereunder;

(vi) the making by KBI of any contract of a material nature other than in the ordinary course of its BUSINESS;

(vii) the making by KBI of any material contract with a shareholder of KBI or affiliated person of VIMPELCOM or any variation of such a contract; provided, however, that this clause shall not apply to service agreements between KBI and VIMPELCOM as defined in the Cover Letter (as defined in that certain letter dated 15 February 2002, from KBI to and agreed and consented to by ALCATEL), concluded in the ordinary course of business. For the avoidance of doubt, this Article 13.2.14(vii) shall also not apply to agreements relating to indebtedness permitted under Article 12.9 of this AGREEMENT;

(viii) the making of any loan or advance to any person, firm, legal persons or organisations or other business other than (x) reasonable loans or advances at arm's length to employees of KBI for social support purposes; or (y) lending operations of not more than 6 months' duration carried out for the purpose of the management of the current financial assets of KBI and/or VIMPELCOM and comprising deposits placed with banks, down payments for supplied goods or services (including purchases of telecommunication or related equipment) or cash advances by KBI to VIMPELCOM (such cash advances being deposits/lending repayable on demand and made for the purposes of pooling cash resources or complying with tax obligations), in each case such loan or advance to rank at least pan passu with all of VIMPELCOM's other unsecured and unsubordinated obligations and not to be of a financing nature;

(ix) the reduction of its charter capital or any redemption, purchase or other acquisition by KBI of any shares or other securities of KBI of an equity nature;

(x) The taking of any action or inaction by which the charter capital of KBI falls below the minimum set by law or by which the net assets of KBI have a value lower than the charter capital of KBI at the time; or

13.2.15 the payment or declaration by KBI of any dividend or other distribution in respect of shares in KBI; however, KBI is entitled to pay dividends as outlined in Art. 12.16 hereof;

13.2.16 intentionally omitted;

13.2.17 Any Financial Covenant Event of Default has occurred and is continuing. As used in this Article 13.2.17, a "Financial Covenant Event of Default" means an Event of Default (as defined therein) under that certain Loan Agreement dated April 23, 2002 between VIMPELCOM and J.P. Morgan AG, as amended (the "J.P. Morgan Loan Agreement"), taking into account any cure period permitted thereunder, as a result of the breach of Clause 14.6 ('Liens"), Clause 14.7 ("Incurrence of Indebtedness") Clause 14.8 ('Restricted Payments") or Clause 14.9 ("Asset Sales");

13.2.18 Any Event of Default as defined in any deferred payment agreement between ALCATEL and OJSC Vimpelcom-Region has occurred and is continuing;

13.2.19 The Services Agreement (as defined in the J.P. Morgan Loan Agreement) is terminated, or for any other reason ceases to have effect and is not replaced by the Agency Agreement (as defined in the J.P. Morgan Loan Agreement) or such Agency Agreement is terminated, or for any other reason ceases to have effect.

ARTICLE 14. MISCELLANEOUS PROVISIONS

[intentionally omitted]

ARTICLE 15. WAIVER - RIGHTS CUMULATIVE

Failure or delay by ALCATEL to exercise any right, power or privilege under this AGREEMENT shall not constitute waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this AGREEMENT preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

ARTICLE 16. NOTICES

All notices, requests, demands or other communications in connection with this AGREEMENT shall be by telex, telegraph, telefax, or cable or in writing and telexed, telegraphed, cabled, insured by hand delivery, telefaxed or delivered to the intended recipient at the following addresses:

If to KBI

Att. The General Director telephone +7 095 212 0512 telefax +7 095 214 0962
8 Marta ulitsa 10
Moscow 127083
Russian Federation

If to ALCATEL

Att. H - G Proehl (ZRV/VT) telephone +49 711 821 42816 telefax +49 711 821 44485
Lorenzstrasse 10
70435 Stuttgart
Germany

or, as to any party, at such other address as shall be designated by such party in a notice to all other parties.

Except as otherwise expressly provided herein, all notices and other communications shall be deemed to have been duly given on the next working day of the recipient when transmitted by telex, telegram, cable or on the day of remittance when hand delivered or, in the case of insured by hand delivery on receipt.

ARTICLE 17. LANGUAGE

This AGREEMENT has been executed in 2 counterparts in English. One executed counterpart in English has been delivered to each party to this AGREEMENT. A Russian language version of this AGREEMENT may be prepared at a future time and concluded. In the interpretation of this AGREEMENT the English text shall prevail.

All notices, requests, demands or other communications in connection with this AGREEMENT shall be in English language.

ARTICLE 18. SUCCESSORS AND ASSIGNS

18.1 This AGREEMENT shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assignees, provided however that the parties or any of them may not assign their rights or obligations hereunder without prior written consent of the other party, except as otherwise provided in Articles 18.2 and 18.3.

18.2 ALCATEL shall have the right to assign all or part of its rights and obligations hereunder to internationally reputable financing institutions and/or Export Credit Agencies for refinancing purposes.

18.3 ALCATEL's rights and obligations hereunder may be assigned to ALCATEL S.A., a company organised and existing under the laws of France with its head office at 54 Rue La Boetie, 75008 Paris, France or to any other company which is controlled by ALCATEL S.A upon delivery of written notice thereof to KBI.

For the purposes of this Clause 18.3 the term controlled shall mean ownership of more than fifty (50) per cent of the shares of a company with a right to vote or control through management or other agreements (a SUBSIDIARY). The term controlled shall also include a company of which more than fifty (50) per cent of the shares with a right to vote are held by a SUBSIDIARY or where such company is controlled by the SUBSIDIARY through management or other agreements.

18.4 KBI shall be fully protected in dealing solely with ALCATEL as the other party to this AGREEMENT until such time, if any, as it receives written notice of any permitted assignment under this Article 18.

ARTICLE 19. PARTIAL INVALIDITY

Any provision of this AGREEMENT which would be prohibited or unenforceable shall not invalidate the remaining provisions hereof or affect the validity or enforceability or such provisions. The Parties shall endeavour to amend the faulty provision so that it becomes enforceable in keeping with the general intent of the Parties.

ARTICLE 20. SOLE AGREEMENT

This AGREEMENT, when signed by the authorised representatives of all parties, shall constitute the sole agreement between them regarding the object of this AGREEMENT, superseding all prior agreements, arrangements and understandings with respect to the subject mailers of this AGREEMENT.

No amendment to this AGREEMENT or to any of the Exhibits shall be effective unless stated in writing and signed by authorised representatives of both parties.

A person who is not a party to the this AGREEMENT as amended from time to time has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this AGREEMENT except and to the extent (if any) that this AGREEMENT expressly provides for such Act to apply to any of its terms.

ARTICLE 21. CONFIDENTIALITY

21.1 All communications between the parties, VIMPELCOM and/or any of them and all information and other materials supplied to or received by any of them from the others which is either marked confidential" or is by its nature intended to be for the knowledge of the recipient alone, and all information concerning the business transactions and the financial arrangements of the parties or VIMPELCOM with any person with whom any of them is in a confidential relationship with regard to the matter in question coming to the knowledge of the recipient shall be kept confidential by the recipient unless or until the recipient party can reasonably demonstrate that any such communication, information and material is, or part of it is, in the public domain through no fault of its own, whereupon to the extent that it is in the public domain or is required to be disclosed by law or in pursuance of employment duties or to auditors or professional advisers, this obligation shall cease.

21.2 The parties shall use all reasonable endeavours to procure the observance of the above-mentioned restrictions and shall take all reasonable steps to minimise the risk of disclosure of confidential information, by ensuring that only they themselves and such of their employees and directors whose duties will require them to possess any of such information shall have access thereto, and will be instructed to treat the same as confidential.

21.3 The obligation contained in this Article 21 shall endure, even after the termination of this AGREEMENT, without limit in point of time except and until such confidential information enters the public domain as set out above.

21.4 Notwithstanding Articles 21.1 to 21.3, the parties and VIMPELCOM may at any time disclose any such information and communications only to third parties concerned

(i) at the lawful request of any Governmental or Regulatory Authority;

(ii) when required to do so in accordance with the provisions of applicable law, rule or regulation;

(iii) to the parties' and VIMPELCOM's independent auditors, counsel and other professional advisers on a "need to know" basis; or

(iv) to any person to whom ALCATEL transfers, or may potentially transfer, any of its rights or obligations hereunder.

ARTICLE 22. LAW AND JURISDICTION

This AGREEMENT shall be governed by and construed and interpreted in accordance with the laws of England.

Any dispute which cannot be settled amicably shall be finally settled under the rules of Conciliation and Arbitration of the International Chamber of Commerce by three arbitrators, designated in accordance with the said rules. The award shall be finally binding on the Parties. The arbitration shall take place in Geneva in English.

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed by their duly authorised representatives.

ALCATEL SEL AG	**Open joint stock company "KBI Impuls"**
Name: Helmut Bast	Name: Sergey Avdeev
Signature:	Signature:
Name: Christian Lacroix	Name: Dmitriy Steshchenko
	(Chief Accountant)
Signature:	Signature:

Slide	Title	Contents of slide
1	Cover	
2	Key milestones in VimpelCom's History	Quick timeline from say Nov 1996 with the key events in VIP's history: NYSE listing, launch of GSM network, Telenor investment, financial crisis, CB and equity issue, return to profitability, 1 million,. 2 million, 3 million etc subscriber mark, alliance w
3	Telenor and Alfa: two complimentary strategic partners	Summary of what each partner has brought and is bringing to the table
4	VimpelCom's regional strategy	VIP-R separate company, aggressive nationwide expansion, Moscow market saturation, leverage Alfa's expertise
5	2001: the launch of VimpelCom-Region	Description of the 2001 transaction with Alfa
6	VinpelCom-Region (continued)	Post-transaction ownership of VIP and VIP-R (assuming third VIP-R tranche paid) plus details of provisions for the merger (1:1 etc)
7	Regional growth	Chart showing quarterly subscriber growth for both Moscow and regions. Absolutegrowth in the regions but also regions growing as a % of VIP's subscriber base
8	Regional growth (continued)	Same charts but focusing on revenues and EBITDA rather than subscribers
9	Market perceptions of VimpelCom and VimpelCom-Region	Share price graph from December 1998 to date with arrows highlighting key events (Telenor, Alfa etc.) plus a couple of bullet point comments on the market's view of VIP
10	Accelerating the VIP/VIP-R merger – why now?	Favourable market conditions, greater exposure to the regions, greater flexibility in financing, simplified corporate structure, the market will welcome the merger
11	A "fair" set of merger terms	Summary of valuation analysis and swap ratio plus tables showing pre- and post-merger ownership of VIP (assuming Alfa keeps the prefs)
12	Repurchase of preferred shares	Summary of where we are with the wretched prefs
13	Indicative timetable	June 2003 to April 2004
14	Outstanding issues and challenges	1. Prefs 2. EGM approval process

Filename: d56093_ex4-46.htm
Type: EX-4.46
Comment/Description: Deed of Guarantee, Indent 19
(this header is not part of the document)

Exhibit 4.46

11 July, 2002
ZRV/TPF Fi/dh
KBI-1 23.doc.doc

Deed of Guarantee

Indent 19 Deferred Payment Agreement

This Deed Poll is given on 11 July, 2002 by **Open joint stock company "VimpelCommunications"** registered at 8 Marta Ulitsa 10, building 14, Moscow 127083, Russia (the "**Guarantor**") in favour of Alcatel SEL AG ("**Alcatel**") in relation to certain obligations of **Open joint stock company "KB Impuls"** (the "**Company**").

1. INTERPRETATION

1.1. Definition

In this Deed:

Business means the business of providing the services of a DCS-1 800 and/or GSM 900 cellular radio telephone network in the city of Moscow and Moscow region and such other regions of the Russian Federation as may be designated by Indent 19;

Deferred Payment Agreement means the Indent 19 deferred payment agreement of even date herewith between the Company and Alcatel;

Dissolution of a person includes the bankruptcy, insolvency, liquidation, winding-up, amalgamation, reconstruction, reorganisation, administration, administrative or other receivership or dissolution of that person, and any equivalent or analogous proceeding by whatever name known and in whatever jurisdiction;

Facility Documents means this Deed, the Deferred Payment Agreement, the Indent 5, Indent 6, Indent 7, Indent 8, Indent 9, Indent 10, Indent 11, Indent 13, Indent 14, Indent 15, Indent 16, Indent 17 and Indent l8Deferred Payment Agreements between Alcatel and the Company dated August 23, 2000, September 7, 2000, December 26, 2000, February 16, 2001, May 9, 2001, 22 June, 2001, 20 July 2001, 5 November 2001, 12 November 2001, 08 January 2002 and again 08 January 2002, 27 March 2002 and 17 April 2002 respectively; the Deeds of Guarantee issued by the Guarantor in respect thereof, the Deferred Payment Agreement between Alcatel and the Company dated May 25, 1996 as amended, the Deed of Guarantee issued by *inter alia* the Guarantor in respect thereof as amended and the Pledge Agreement between Alcatel and the Company dated May 25, 1996 as amended, in each case as further amended from time to time;

Indent 19 means Annex 5t for Phase 19 (Indent No. 19) to the Frame Contract No. II for supply of Switching, Radio or other Telecommunication Equipment between Alcatel and the Company dated of even date hereof as amended from time to time; and

Proceedings means any proceeding, suit or action arising out of or in connection with this Deed.

1.2. Construction

The headings shall be ignored in construing this Deed.

2. Guarantee and Indemnity

2.1. Guarantee

The Guarantor unconditionally and irrevocably guarantees to Alcatel that, if for any reason at any time or from time to time the Company does not pay any sum due, owing or payable or expressed to be due, owing or payable by it in accordance with the Deferred Payment Agreement to Alcatel by the time, on the date and otherwise in the manner specified (whether on the normal due date, on acceleration or otherwise) in the Deferred Payment Agreement, it will pay that sum upon receipt of a written demand from Alcatel.

2.2. Guarantor as Principal Debtor

As an original and independent obligation under this Deed and without prejudice to any other provision in this Deed, the Guarantor shall be liable under this Deed as if it were the sole principal debtor and not merely a surety. Accordingly, it shall not be discharged, nor shall its liability be affected, by anything which would discharge it or affect its liability if it were the sole principal debtor including:

2.2.1. any time, indulgence, concession, waiver or consent at any time given to the Company or any other person;

2.2.2. any amendment of, supplement to or waiver or release granted under or in connection with any agreement or to any security or other guarantee;

2.2.3. the making or absence of any demand on the Company or any other person for payment;

2.2.4. the enforcement, or absence of enforcement, of this Deed or of any security or other guarantee;

2.2.5. the taking, existence, holding, failure to take or hold, varying, realisation, non-perfection or release by Alcatel or any other person of any security or other guarantee and/or indemnity;

2.2.6. the Dissolution of the Company or any other person;

2.2.7. any change in the constitution of the Company;

2.2.8. the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Company or any other person or which the Company may have at any time against Alcatel, whether in connection with Indent 19, the Facility Documents or otherwise;

2.2.9. the granting by Alcatel to the Company of any other financial accommodation or the withdrawal or restriction by Alcatel of any financial accommodation, or the absence of any notice to the Guarantor of any such granting, withdrawal or restriction;

2.2.10. any arrangement or compromise entered into by Alcatel with the Company or any other person; or

2.2.11. any other thing done or omitted or neglected to be done by Alcatel or any other person or any other dealing, fact, matter or thing (including, but without limitation, any circumstances whatsoever affecting or preventing recovery of amounts due, owing or payable in respect of the Facility Documents) which, but for this provision, might operate to exonerate or discharge the Guarantor from, or otherwise prejudice or affect, the Guarantor's obligations under this Deed.

2.3. Guarantor's Obligations Continuing

The Guarantor's obligations under this Deed are and will remain in full force and effect by way of continuing security until no sum is or may become due, owing or payable by the Company to Alcatel, and Alcatel has irrevocably received or recovered all sums payable, in respect of the Facility Documents. Furthermore, those obligations of the Guarantor are additional to, and not instead of, any security or other guarantee and/or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise, and may be enforced without first having recourse to the Company, any other person, any security, other guarantee and/or indemnity without taking any steps or proceedings against the Company or any other person, and without resorting to any other means of payment.

2.4. Avoidance of Payments

The Guarantor shall within two working days from receipt by the Guarantor of a written demand from Alcatel indemnify Alcatel against any funding or other cost, loss, expense or liability sustained or incurred as a result of it being required for any reason (including any bankruptcy, insolvency, winding-up or similar law of any jurisdiction) to refund all or part of any amount received or recovered by it in respect of the sums payable by the Company in respect of the Deferred Payment Agreement and shall in any event pay to Alcatel within two working days from receipt by the Guarantor of a written demand from Alcatel that amount so refunded by it.

2.5. Suspense Accounts

For the purpose of enabling Alcatel to maximise its recoveries in any actual or potential Dissolution, any amount received or recovered or realised by Alcatel (otherwise than as a result of a payment by the Company) in respect of any sums payable by the Company in respect of the Facility Documents may be placed by Alcatel in an interest bearing suspense account without any obligation on its part to apply the same in or towards the discharge of sums due in respect of the Facility Documents and without any right on the part of the Guarantor to sue the Company or any other surety or to prove in the Dissolution of the Company or any other surety in competition with or so as to diminish any advantage that would or might come to Alcatel, or to treat the liability of the Company or any other surety as diminished. That amount may be kept there (with any interest earned being credited to that account) unless and until Alcatel is satisfied that it is not obliged to pay any further sum and that it has irrevocably received or recovered its share, all interest accrued thereon and any other sums payable to it.

2.6. Indemnity

As separate, independent and alternative stipulations, the Guarantor unconditionally and irrevocably agrees:

2.6.1. that any sum which, although expressed to be payable by the Company to Alcatel in respect of the Facility Documents, is for any reason (whether or not now existing and whether or not now known or becoming known to any party) not recoverable from the Guarantor on the basis of a guarantee shall nevertheless be recoverable from it as if it was the sole principal debtor and shall be paid by it to Alcatel upon receipt by the Guarantor of a written demand from Alcatel whether or not it has attempted to enforce any rights against the Company or any other person or otherwise; and

2.6.2. as a primary obligation to indemnify Alcatel and to keep Alcatel indemnified against any loss, cost, expense or liability of whatever kind suffered by it as a result of any sum expressed to be payable by the Company in accordance with the Facility Documents not being paid by the time, on the date and otherwise in the manner specified in the Facility Documents or any payment obligation of the Company being or becoming void, voidable, ineffective or unenforceable for any reason (whether or not now existing and whether or not now known or becoming known to any party and including, but without limitation, all reasonable legal and other costs, charges and expenses reasonably incurred by Alcatel in connection with preserving or enforcing its rights under this Deed).

2.7. Taxes

All sums payable by the Guarantor under this Deed shall be paid free of any restriction or condition and free and clear of and (except to the extent required by law) without any deduction or withholding for or on account of Taxes or any counterclaim. If (i) the Guarantor is required by law at any time to deduct or withhold any Relevant Taxes from any sum paid or payable by it under this Deed or (ii) Alcatel (or any person on its behalf) is required by law to make any payment of or in respect of any Relevant Tax (except on account of Tax on the overall net income of Alcatel or such person) on or calculated by reference to the amount of any sum received or receivable by it under this Deed (a) the Guarantor shall notify Alcatel of any such requirement or any change in such requirement as soon as the Guarantor becomes aware of it, (b) the Guarantor shall pay the required deduction, withholding or payment to the appropriate authority before the date on which penalties attach thereto, (c) the Guarantor shall pay such additional amount as is necessary to ensure that Alcatel receives on the due date and retains free from any liability (other than taxes on its overall net income) a sum equal to that which it would have received and so retained had no such deduction or withholding been required or made and (d) forthwith after the due date of any payment referred to in (b) above, the Guarantor shall deliver to the Company evidence satisfactory to Alcatel that such payment has been made (including all relevant Tax receipts if they are available).

For the purposes of this Clause 2.7, **Relevant Tax** means any Tax imposed by any authority of or within (i) Russia, (ii) any jurisdiction claiming the right to impose any Tax by virtue of any connection between the Guarantor and that jurisdiction, or (iii) any other jurisdiction from or through which any payment under this Deed is made and **Tax** includes any present or future tax, levy, impost, duty, charge, deduction or withholding of any nature, and any interest or penalty in respect thereof.

2.8. Release of Deed

Any release, settlement, discharge or arrangement between Alcatel and the Guarantor (a **Release**) shall be subject to the condition that if any payment or satisfaction made or security or guarantee given in relation to any sums guaranteed hereunder by a person other than the Guarantor (a **Relevant Transaction**) shall be avoided, reduced or invalidated by virtue of any applicable law or for any reason whatsoever, then such Release shall, to the extent of such avoidance, reduction or invalidation, be void and of no effect, and Alcatel may recover immediately the value or amount, or (as the case may be) the reduction in value or amount, thereof from the Guarantor as if such Release had not occurred.

2.9. Preservation of Guarantee

2.9.1. The obligations of the Guarantor hereunder shall not be affected by the bankruptcy or Dissolution of the Company or by any other act omission matter or thing which but for this provision might operate to release or otherwise exonerate the Guarantor from their respective obligations hereunder or affect such obligations.

2.9.2. The Guarantor hereby undertakes that it will not claim in any proceedings brought by Alcatel to enforce the Guarantors obligations hereunder that the Company be made a party to the proceedings.

2.9.3. The Guarantor shall continue to be bound by this Deed whether or not that Guarantor is made a party to legal proceedings brought by Alcatel against the Company for the recovery of any monies which are guaranteed hereunder and whether or not the formalities under any statute or law whether existing or future in regard to the rights and obligations of sureties shall or shall not have been observed.

2.10. Exercise of Guarantor's Rights

The Guarantor represents and warrants that it has not taken or received any security from the Company or any other surety for or in respect of its obligations under this Deed. The Guarantor shall not take or receive any security from the Company or any other surety for or in respect of any of their obligations under this Deed. So long as any sum remains to be lent or remains payable under any Facility Document:

2.10.1. any right of the Guarantor, by reason of the performance of any of its obligations under this Deed, to be indemnified by the Company, to prove in respect of any liability in the Dissolution of the Company or to take the benefit of or enforce any security or other guarantee shall (and shall only) be exercised and enforced only in such manner and on such terms as Alcatel may require; and

2.10.2. any amount received or recovered by the Guarantor (a) as a result of any exercise of any such right or (b) in the Dissolution of the Company shall be held in trust for Alcatel and immediately paid to Alcatel.

2.11. No Right of Subrogation

Until all sums which are guaranteed hereunder have been discharged and satisfied in full the Guarantor shall not:

2.11.1. be subrogated to any rights of Alcatel arising in respect of the Facility Documents, or in respect of any proof in the Dissolution of the Company, or otherwise howsoever or

2.11.2. in respect of any moneys payable or paid under this Deed, seek to enforce repayment from the Company or any other surety, whether by subrogation, indemnity, contribution or otherwise, or to exercise any other right, claim or remedy of any kind which may accrue to it in respect of the amount so paid or payable or

2.11.3. claim payment of any other moneys for the time being due to it by the Company or any other surety on any account whatsoever, or exercise any other right, claim or remedy which it has in respect thereof provided that the Guarantor may claim such payments in respect of contracts made in the ordinary course of business of the Company to the extent that such claims do not and cannot reasonably be expected to restrict the Company from making payments due under the Facility Documents or

2.11.4. be entitled to any right of a surety (including any right of contribution from any other surety) discharging, in whole or in part, its liability in respect of the principal debt or

2.11.5. be entitled to have or exercise any right as a surety (including any right of contribution from any other surety) in competition with Alcatel or

2.11.6. claim any set-off or assert any counterclaim against the Company or any other surety in relation to any liability of the Guarantor to the Company or any other surety.

2.12. No Competing Proofs

Until all sums which are guaranteed hereunder have been discharged and satisfied in full, the Guarantor shall not in the event of the Dissolution of the Company or any other surety, claim or prove in competition with Alcatel, or accept any direct or indirect payment or distribution, in respect of any moneys owing to the Guarantor by the Company or any such other surety on account of this Deed whatsoever.

2.13. Currency

(a) All payments to be made under this Deed shall be made in Euro, and strictly in accordance with the Deferred Payment Agreement.

(b) The Guarantor may make a payment in Roubles to the K-type Account in Citibank T/O, Moscow, of a Non-Resident Bank (each as defined in the Indent 19 Deferred Payment Agreement) in respect of its obligations under this Deed. Notwithstanding the foregoing, the obligations of the Guarantor under this Deed will be discharged only to the extent that Alcatel actually receives (after any fees, commissions, expenses, conversion charges, costs and other amounts have been deducted (whether on account of banking services or otherwise)) into its account in Germany (to be notified by Alcatel to Guarantor) an amount in Euros equal to the amount due by the Guarantor hereunder.

(c) If, under any applicable law, whether pursuant to a judgment against the Guarantor or the Dissolution of the Guarantor or for any other reason, any payment under or in connection with this Deed is made or falls to be satisfied in a currency (the Other Currency) other than the currency in which the relevant payment is expressed to be payable (the Required Currency), then, to the extent that the payment actually received by Alcatel (when converted into Required Currency at the rate of exchange on the date of payment or, if it is not practicable for Alcatel to make the conversion on that date, at the rate of exchange as soon afterwards as it is practicable to do so or, in the case of a Dissolution, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such Dissolution) falls short of the amount expressed to be due or payable under or in connection with this Deed, the Guarantor shall, as an original and independent obligation under this Deed, indemnify and hold Alcatel harmless against the amount of such shortfall. For the purpose of this Clause 2.13, rate of exchange means the rate at which Alcatel is able on the relevant date to purchase the Required Currency with the Other Currency and shall take into account any commission, premium and other costs of exchange and Taxes payable in connection with such purchase.

2.14. Default Interest

If the Guarantor fails to pay any sum payable by them under this Deed on the due date for payment, the Guarantor shall pay interest on such sum from time to time outstanding including the due date up to the date of actual payment (both before and after any judgment) at the rate applicable to that sum immediately prior to such date. Such interest shall be calculated and payable on the same basis as interest on delayed payments due and payable by the Company in accordance with inter alia article 7.2 of the Deferred Payment Agreement.

2.15. Communications

Any notice, request, demand or communication under or in connection with the matters contemplated by this Deed shall be sent by letter or fax to the Guarantor at:

Open joint stock company "Vimpel-Communications"

8 Marta Ulitsa 10, building 14

Moscow 125083, Russia

Fax No.: +7 095 214 0962

Attention The President

Communications will take effect, in the case of letters, when delivered, or in the case of fax when dispatched provided that the dispatch was between 9.30 a.m. and 5.30 p.m. (Moscow time) on a day (a business day) on which banks generally are open for banking business in the place of receipt of the relevant notice (excluding Saturdays, Sundays and public holidays) failing which it shall be deemed to have been received if despatched prior to 9.30 a.m. on a business day at the commencement of business on that business day and if despatched after 5.30 p.m. on a business day or at any time on a non-business day at the commencement of business on the next business day. Communications not by letter shall be confirmed by letter but failure to send or receive that letter shall not invalidate the original communication.

2.16. Remedies and Waivers

No delay or omission on the part of Alcatel in exercising any right, power or remedy provided by law or under this Deed shall impair such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy. The single or partial exercise by Alcatel of any right, power or remedy provided by law or under this Deed shall not preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies provided in this Deed are cumulative with, and not exclusive of, any rights, powers and remedies provided by law.

2.17. Invalidity

If at any time any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither:

2.17.1. the legality, validity or enforceability in that jurisdiction of any other provision of this Deed nor

2.17.2. the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Deed, shall be affected or impaired.

2.18. Guarantor Default

Notwithstanding any payment (or attempt to make a payment) by the Company or the Guarantor to a K-type Account of a Non-Resident Bank (as defined in the Indent 19 Deferred Payment Agreement), and notwithstanding any other provision of this Deed or the Indent 19 Deferred Payment Agreement, the Guarantor shall ensure that Alcatel receives into its account in Germany an amount in Euros that is sufficient to satisfy the obligations of the Company under the Indent 19 Deferred Payment Agreement. If, for whatever reason, Alcatel fails to receive into its account in Germany an amount in Euros that is sufficient to satisfy the obligations of the Company under the Indent 19 Deferred Payment Agreement, such failure shall constitute a default by the Guarantor under this Deed.

2.19. Transfers

2.19.1. The Guarantor may not assign, transfer or novate any of its rights and/or obligations under this Deed.

2.19.2. Alcatel may, at any time, assign, transfer and/or novate all or any of its rights and/or obligations under this Deed.

3. Representations and Warranties

The Guarantor represents and warrants to and for the benefit of Alcatel as follows:

3.1. Powers

It has the power to enter into, exercise its rights and perform and comply with its obligations under this Deed.

3.2. Obligations Binding

Its obligations under this Deed are valid, binding and enforceable.

3.3. Authorisation and Consents

All action, conditions and things required to be taken, fulfilled and done in order:

3.3.1. to enable it lawfully to enter into, exercise its rights and perform and comply with its obligations under this Deed and to make payments under this Deed in Euro (and, as the case may be, in Roubles to the K-type Account described in Clause 2.13(b)) (other than, with respect to a payment in Euro, a permission of the Central Bank of the Russian Federation); and

3.3.2. to ensure that those obligations are valid, legally binding and enforceable have been taken, fulfilled and done.

Upon the occurrence of an Event of Default (as defined in the Indent 19 Deferred Payment Agreement), at the request of Alcatel the Guarantor shall obtain a license, consent or other permission from the Central Bank of the Russian Federation to make payments in Euros under this Deed.

3.4. Repetition

Each of the representations and warranties in Clauses 3.1 to 3.3 of this Deed will be correct and complied with in all material respects so long as any sum remains to be lent or remains payable under any Facility Document as if repeated then by reference to the then existing circumstances.

4. Confidentiality

4.1. All communications between the Guarantor, the Company, Alcatel and/or any of them and all information and other materials supplied to or received by any of them from the others which is either marked "confidential" or is by its nature intended to be for the knowledge of the recipient alone, and all information concerning the business transactions and the financial arrangements of the parties or the Company with any person with whom any of them is in a confidential relationship with regard to the matter in question coming to the knowledge of the recipient shall be kept confidential by the recipient unless or until the recipient party can reasonably demonstrate that any such communication, information and material is, or part of it is, in the public domain through no fault of its own, whereupon to the extent that it is in the public domain or is required to be disclosed by law or in pursuance of employment duties or to auditors or professional advisers, this obligation shall cease.

4.2. The Guarantor shall use all reasonable endeavours to procure the observance of the above-mentioned restrictions by the Company and shall take all reasonable steps to minimise the risk of disclosure of confidential information, by ensuring that only itself and such of its employees and directors whose duties will require them to possess any of such information shall have access thereto, and will be instructed to treat the same as confidential.

4.3. The obligation contained in this Clause 4 shall endure, even after the termination of this Deed, without limit in point of time except and until such confidential information enters the public domain as set out above.

4.4. Notwithstanding Clauses 4.1 to 4.3, the Guarantor and/or the Company and orAlcatel may at any time disclose any such information and communications to their subsidiaries or holding companies on a "need to know" basis.

5. EXPENSES AND STAMP DUTY

The Guarantor shall pay:

5.1. **Initial Expenses:** on demand, all costs and expenses (including Taxes thereon and legal fees) reasonably incurred by Alcatel in connection with the preparation, negotiation or entry this Deed and/or any amendment of, supplement to or waiver or consent in respect of this Deed requested by or on behalf of the Deed (whether or not entered into or given)

5.2. **Enforcement Expenses:** on demand, all costs and expenses (including taxes thereon and legal fees) incurred by Alcatel in the administration of, or by Alcatel in protecting or enforcing (or attempting to protect or enforce) any rights under this Deed and/or any such amendment, supplement, waiver or consent and

5.3. **Stamp Duty:** promptly, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Deed and/or any such amendment, supplement or waiver, and shall indemnify Alcatel against any liability with respect to or resulting from any delay in paying or omission to pay any such tax.

6. EVIDENCE

6.1. Loan Accounts

The entries made in the accounts maintained by Alcatel in accordance with its usual practice shall be *prima facie* evidence of the existence and amounts of the obligations of the Guarantor recorded in them.

6.2. Certificates

A certificate by Alcatel as to any sum payable to it under this Deed, and any other certificate, determination, notification or the like of Alcatel provided for in this Deed, shall be conclusive save for manifest error. Any such certificate as to any sum shall set out the basis of computation of that sum in reasonable detail but shall not be required to disclose any information reasonably considered to be confidential.

7. Counterparts

This Deed has been executed in 3 (three) counterparts in the English language. A Russian language version of this Deed may be prepared at a future time in which case 3 (three) counterparts in the Russian language shall then be concluded. In the event of conflict between the English language and Russian language versions the English language shall prevail. The Guarantor and Alcatel shall retain a signed counterpart in each language.

8. Governing Law

8.1. Governing Law

This Deed shall be governed by and construed in accordance with the laws of England.

8.2. Arbitration Clause

Any dispute which cannot be settled amicably shall be finally settled under the rules of Conciliation and Arbitration of the International Chamber of Commerce by three arbitrators, designated in accordance with the said rules. The award shall be finally binding on the Parties. The arbitration shall take place in Geneva in English.

In witness whereof this Deed Poll has been executed as a deed on the date stated at the beginning.

Open joint stock company “Vimpel-Communications”

Signed: _____

Name: _____

Signed: _____

Name (Chief Accountant): _____

Filename: d56093_ex4-47.htm
Type: EX-4.47
Comment/Description: Indent 20 Deferred Payment Agreement
(this header is not part of the document)

Exhibit 4.47

27 August, 2002
ZRV/TPF DrWa/dh
Ex 4.47.

Indent 20 DEFERRED PAYMENT AGREEMENT

This AGREEMENT is made on 27 August, 2002

between

(1) **OPEN JOINT STOCK COMPANY "KB Impuls"** (hereafter referred to as "**KBI**"), an open joint stock company registered under Russian Federation law, whose registered office/principal place of business is situated at 8 Marta Ulitsa, 10, building 14, room 319, Moscow 127083, Russia, in the person of its General Director, Mr. Sergey Avdeev, acting on the basis of its charter, of the first part;

(2) **ALCATEL SEL AG** (hereinafter referred to as "**ALCATEL**"), a company registered under German law whose registered office is situated at Lorenz Strasse 10, 70435 Stuttgart, duly represented by the undersigned officers on the basis of a Power of Attorney, of the second part.

Whereas, KBI and ALCATEL have entered into the FRAME CONTRACT.

Whereas, the Parties have concluded INDENT 20 which provides that KBI may opt for the deferral of payments of amounts owing to ALCATEL up to the maximum amount stated in this agreement and in accordance with the terms and conditions set out hereunder.

Now, therefore, in consideration thereof, it is agreed by and between the parties hereto as follows:

ARTICLE 1 - DEFINED TERMS

In this agreement the following terms and expressions shall have the following meanings when written in capital letters (terms defined in the singular shall have the same meaning when used in the plural and vice versa).

AGREEMENT

Shall mean this Indent 20 Deferred Payment Agreement entered into between the parties.

BUSINESS

Shall mean the business of providing the services of a DCS-1800 and/or GSM 900 cellular radiotelephone network in the city of Moscow and Moscow region.

BUSINESS DAY

Shall mean a day on which banks are open for business in Moscow, New York and Frankfurt.

DATE OF ACCEPTANCE

Shall mean in respect of INDENT 20 the date of the Acceptance Certificate (as defined in Article 8 of INDENT 20).

DEFERRED PAYMENT FACILITY

Shall mean the deferred payment facility granted by ALCATEL to KBI pursuant to Article 3.1 of the AGREEMENT.

EURIBOR

Shall mean in relation to any amount due under the DEFERRED PAYMENT FACILITY:

the applicable Screen Rate; or

(if no Screen Rate is available for the relevant period) the arithmetic mean of the rates (rounded upwards to four decimal places) as quoted to ALCATEL at its request by three leading banks in the European interbank market for the offering of deposits in Euro for a period comparable to the relevant period on the date on which the relevant amount was due, where

“Screen Rate” means the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, ALCATEL may specify another page or service displaying the appropriate rate.

EFFECTIVE DATE

Shall mean the date of completion of the conditions precedent as set forth in Article 11 hereof for PHASE 20.

EQUIPMENT

Shall mean the hardware items with associated software and technical documentation which ALCATEL is required to supply under INDENT 20.

EVENT OF DEFAULT

Shall mean each or any of the events set out in Article 13 of this AGREEMENT.

FRAME CONTRACT

Shall mean the Frame Contract No. II for the Supply of Switching, Radio or other Telecommunication Equipment dated 19 May 2000 for the supply of a DCS 1800 and/or GSM 900 Radio Telephone Communications System as amended by the First Amendment dated 04 July, 2000 and as further amended from time to time, the terms of which are known to VIMPELCOM.

GUARANTEE

Shall mean the Deed of Guarantee made by VIMPELCOM in favour of ALCATEL in respect of INDENT 20 of even date herewith, the terms of which are fully known and accepted by KBI.

INDENT

Shall mean Annex 5u for Phase 20 (Indent No. 20) to the FRAME CONTRACT of even date herewith, executed by ALCATEL and KBI under the FRAME CONTRACT defining the material list of EQUIPMENT to be supplied under INDENT 20.

K-TYPE ACCOUNT

Shall mean the account specified as such in Instruction No. 93-I of the Central Bank of the Russian Federation dated 12.10.2000.

LICENCE

Shall mean licence No. 10005 awarded by the Ministry of Communications of the Russian Federation to KB Impuls and valid until 28 April 2008 and extensions or renewal thereof to operate a DCS-1800 and/or GSM 900 radiotelephone communication system for Moscow city and the Moscow region, (comprising approximately 15 million inhabitants) and all permits necessary properly to exercise the LICENCE and to develop and operate such type of communication.

NON-RESIDENT BANK

Shall mean a bank established outside the Russian Federation that has a K-type Account with Citibank T/O, Moscow, or another Russian authorized bank, provided that ALCATEL has approved such bank.

PHASE 20

Shall mean Phase 20 (Indent 20) under the FRAME CONTRACT (for avoidance of doubt, being the fifteenth phase under the FRAME CONTRACT and being numbered as 20, to continue numbering from the previous Frame Agreement between the Parties dated 25 May 1996).

PLEDGE AGREEMENT

Shall mean the Pledge Agreement between the parties dated 25 May 1996 as amended by the First Amendment dated 8 December 1999, the Second Amendment dated 19 May 2000, the Third Amendment dated 23 August 2000, the Fourth Amendment dated 7 September 2000, the Fifth Amendment dated 6 November 2000 and the Sixth Amendment dated 26 December 2000, the Seventh Amendment dated 7 February 2001, the Eighth Amendment dated 16 February 2001, the Ninth Amendment dated 22 March 2001, the Tenth Amendment dated 9 May 20001, the Eleventh Amendment dated 17 May 2001, the Twelfth Amendment dated 22 June 2001, the Thirteenth Amendment dated 20 July 1001, the Fourteenth Amendment dated 8 October 2001, the Fifteenth Amendment dated 29 October 2001, the Sixteenth Amendment dated 5 November 2001, the Seventeenth Amendment dated 12 November 2001, the Eighteenth Amendment dated 30 November 2001, the Nineteenth Amendment dated 08 January 2002, the Twentieth Amendment dated 08 January 2002, the Twenty-First Amendment dated 27 March 2002, the Twenty-Second Amendment dated 17 April 2002, the Twenty-Third Amendment dated 17 April 2002, the Twenty-Fourth Amendment and the Twenty-Fifth Amendment of even date herewith and as further amended from time to time.

POTENTIAL EVENT OF DEFAULT

Shall mean any event or circumstance which, if continued after the giving of any notice and/or (as the case may be) the making of any determination would become an EVENT OF DEFAULT.

PROJECT

Shall mean the development of a large-scale DCS-1800 and/or GSM 900 radiotelephone communication network in Moscow city and the Moscow region in accordance with the LICENCE and FRAME CONTRACT.

ROUBLES

Shall mean the lawful currency of the Russian Federation.

SERVICES

Shall mean the network planning, site survey, installation and training to be provided for PHASE 20 under the SERVICES CONTRACT.

SERVICES CONTRACT

Shall mean the agreement for the provision of SERVICES in respect of the installation of the EQUIPMENT and related matters between KBI and the SERVICE PROVIDER.

VIMPELCOM

Shall mean Open Joint Stock Company "Vimpel-Communications", an open joint stock company organised under Russian law whose principal location/registered office is at 8 Marta Ulitsa, 10 building 14, Moscow 125083, Russia.

Any terms written in capitals in this AGREEMENT which have not been defined in this Article 1 shall unless the context otherwise requires have the meaning given to them in the FRAME CONTRACT.

ARTICLE 2 - PAYMENT TERMS

2.1 Payment Commitment

KBI irrevocably commits itself to pay to ALCATEL the price of the EQUIPMENT ordered by KBI under the INDENT 20, as expressed in Article 2.2 of this AGREEMENT.

All such payments will be made in EURO.

2.2 Payment terms for EQUIPMENT are as follows:

2.2.1 the sum of 1.800.000,-- EURO (one million eight hundred thousand EURO) being 15% of the sum of 12.000.000,-- EURO (twelve million EURO) shall be paid by KBI to ALCATEL upon the presentation by ALCATEL of the corresponding invoice on the day falling 8 calendar days before the date of loading by ALCATEL for shipment to KBI of the first consignment of the EQUIPMENT (the "**START DATE PHASE 20**"). Such invoice may be presented by ALCATEL not earlier than 60 calendar days and not later than 10 calendar days before START DATE PHASE 20. ALCATEL shall obtain and together with such invoice provide KBI with the original of a guarantee to a maximum amount of 1.800.000,-- EURO (one million eight hundred thousand EURO) from an international bank in respect of ALCATEL's obligation to return to KBI such down-payment or part of it, if within 90 calendar days from such down-payment EQUIPMENT for PHASE 20 delivered at the point of customs clearance in the City of Moscow or Moscow Region (Moskovskaya Oblast) is less in value than the amount of such down-payment.

2.2.2 the remainder of the price of the EQUIPMENT being the sum of 10.200.000,-- EURO (ten million two hundred thousand EURO) shall be paid by KBI to ALCATEL to an account specified by ALCATEL within 30 days of the arrival of the corresponding consignment of the EQUIPMENT at the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast). Notwithstanding the foregoing if ALCATEL shall have received written notice from KBI in accordance with Article 2.2.2 of INDENT 20 of the exercise of KBI's option to use the DEFERRED PAYMENT FACILTY and following satisfaction of the other conditions to effectiveness provided *inter alia* in Article 11 of this AGREEMENT then such sum shall be payable by KBI to ALCATEL in accordance with the other provisions of this AGREEMENT.

ARTICLE 3 - AMOUNT - CURRENCY - PURPOSE - UTILISATION

3.1 Amount

With effect on and from the EFFECTIVE DATE, ALCATEL agrees to grant to KBI the DEFERRED PAYMENT FACILITY for an aggregate amount of 10.200.000,-- EURO (ten million two hundred thousand EURO).

3.2 Currency

This DEFERRED PAYMENT FACILITY will be granted in EURO.

3.3 Purpose

ALCATEL and KBI agree that the DEFERRED PAYMENT FACILITY shall be exclusively used by KBI in order to finance the payments of the price of the EQUIPMENT stated in the invoices made by ALCATEL in accordance with the provisions of PHASE 20, INDENT 20 and the FRAME CONTRACT.

3.4 Utilisation

This DEFERRED PAYMENT FACILITY will be utilised subject in particular to the provisions of Articles 3.5 and 11 of the AGREEMENT and to the presentation by ALCATEL to KBI of the following documents for the relevant consignment of EQUIPMENT:

- a copy of the commercial invoice
- a copy of the shipping documents

The utilisation of the DEFERRED PAYMENT FACILITY shall be deemed to have been made by KBI for payments due by KBI pursuant to Article 2.2.2 hereof.

3.5 The DEFERRED PAYMENT FACILITY will only be available for utilisation if, on the proposed date for utilisation:

3.5.1 all representations and warranties in Article 10 have been complied with and would be correct if repeated on that date by reference to the circumstances then existing; and

3.5.2 no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT has occurred on or before that date or will occur as a result of that utilisation.

ARTICLE 4 - PERIOD OF UTILISATION OF THE DEFERRED PAYMENT FACILITY

The DEFERRED PAYMENT FACILITY shall be available in accordance with Article 3 hereof.

ARTICLE 5 - REIMBURSEMENT OF THE DEFERRED PAYMENT FACILITY

The amounts due by KBI under the DEFERRED PAYMENT FACILITY shall be repaid by KBI to ALCATEL as follows:

5.1 Principal: In 6 (six) equal and consecutive semi-annual installments, the first such installment becoming due six months after the DATE OF ACCEPTANCE provided that such first installment shall in any event become due no later than, 27 November 2003;

5.2 Interest accruing on the full outstanding amount of the DEFERRED PAYMENT FACILITY shall be payable in arrears in full on the date for the repayment of each semi-annual installment of principal.

ARTICLE 6

[intentionally omitted]

ARTICLE 7 - INTEREST

7.1 Computation

Interest due in respect of the DEFERRED PAYMENT FACILITY will be computed at the following rate per annum:

6-month EURIBOR + 2.9%

Such interest will be calculated on a 365 over 360 day basis and the actual number of days elapsed.

7.1.1 In respect of the DEFERRED PAYMENT FACILITY:

For the calculation of interest there will be six consecutive interest periods. The first interest period shall be the period starting on the date falling 30 days after delivery of the first consignment of the EQUIPMENT to the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast) and ending on the date for the first repayment to be made pursuant to Article 5. Each subsequent interest period shall start on the last date of the preceding period and end on the next date for repayment to be made under PHASE 20 pursuant to Article 5.

7.1.2 The rate of interest in respect of the first interest period shall be the rate determined by Alcatel and notified to KBI by applying the above mentioned interest rate irrespective of the actual duration of such first interest period on the date falling 2 BUSINESS DAYS prior to the date falling 30 days after the delivery of the first consignment of EQUIPMENT (as the case may be) to the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast).

The rate of interest in respect of each subsequent interest period shall be the rate determined by ALCATEL according to this AGREEMENT and notified to KBI two BUSINESS DAYS prior to the commencement of such interest period.

If an interest period would otherwise end on a day which is not a BUSINESS DAY, that interest period will instead end on the next BUSINESS DAY.

7.2 Delayed payment

7.2.1 If KBI does not pay the sums payable under this AGREEMENT when due, it shall pay interest on the amount from time to time outstanding in respect of that overdue sum for the period beginning on its due date and ending on the date of its receipt by ALCATEL (both before and after judgment) in accordance with this Article 7.2.

7.2.2 Such interest shall be calculated and payable by reference to successive interest periods, each of which (other than the first, which shall begin on the due date) will begin on the last day of the previous period. Each such period will be for a duration of six months and the rate of interest applicable for a particular period will be EURIBOR (calculated on the first day of that interest period) plus 9 per cent per annum. For the avoidance of doubt interest payable under this Article 7.2 is payable in respect of the actual period in respect of which any delayed payment is outstanding and not in respect of 6 month periods.

7.2.3 Interest payable under this Article 7.2 shall be capitalised on the last day of each period in respect of which it is calculated and on the date of payment of the overdue sum. Any interest which is not paid when due will be added to the overdue sum and will itself bear interest accordingly.

ARTICLE 8 - FINANCIAL EXPENSES

All charges, fees and stamp duties (including legal fees) accruing in connection with the conclusion, implementation and enforcement of this AGREEMENT shall be paid by KBI on demand (or in the case of stamp duties) promptly and in any event before any interest or penalty becomes payable.

ARTICLE 9 - PAYMENTS

9.1 Prepayment

KBI may prepay all or part of the principal sums due under this AGREEMENT on any date, provided that:

9.1.1 KBI shall give to ALCATEL at least 30 (thirty) days' prior notice of each payment, specifying the principal amount to be prepaid and the date of proposed prepayment;

9.1.2 Each partial payment of principal shall be in aggregate amount a minimum of USD 100,000 (one hundred thousand) and shall be a whole multiple of USD 100,000 (one hundred thousand);

9.1.3 The interest on the principal prepaid, accrued to the date of prepayment, shall be repaid in full on the date of prepayment together with any other sum then due under the AGREEMENT.

Notwithstanding anything to the contrary in this Agreement, upon the occurrence of any event which will constitute an EVENT OF DEFAULT if not cured within a cure period as provided in Article 13.2, KBI shall have the right to prepay in full the principal sums due under this AGREEMENT, along with any accrued interest thereon and any other amounts outstanding under this AGREEMENT, within any originally applicable cure period without any prior notice to ALCATEL. Should KBI effect any such prepayment, it shall indemnify ALCATEL or the assignee as the case may be for any cost of broken funds.

All sums prepaid pursuant to this Article shall be applied in the reverse order of the maturity dates of all amounts outstanding under the DEFERRED PAYMENT FACILITY and in the same order as provided in Article 9.3 and interest shall be cancelled or adjusted accordingly.

No amount repaid whether under this or any other Article under this AGREEMENT may be redrawn.

Should, however, ALCATEL intend to assign all or part of its rights and obligations under this AGREEMENT for refinancing purposes as outlined in Article 18.2 hereinafter, it shall give written notice thereof to KBI. Upon receipt of such written notice KBI shall have the option within 30 calendar days to prepay all or part of the principal sums due hereunder by applying the prepayment rules stated herein above. Regarding any amount not prepaid by KBI to ALCATEL within such 30 day period such right to prepay shall be cancelled. Should KBI effect any prepayment after such 30 day period it shall indemnify ALCATEL or the assignee as the case may be for cost of broken funds.

9.2 Method of payment

Payments in favour of ALCATEL shall be made on the due date before 10.00 a.m. local time (Frankfurt time) on the account to be notified by ALCATEL or another account which shall be from time to time designated to KBI in writing with at least 30 (thirty) days advance notice.

If the due date is not a BUSINESS DAY, payment shall be made the next succeeding BUSINESS DAY unless the next BUSINESS DAY falls in the next succeeding calendar month, in which case the immediately preceding BUSINESS DAY shall be deemed to be the date of payment.

Payments will be paid in EURO.

At any time after an EVENT OF DEFAULT described in Article 13.2. of this AGREEMENT has occurred, amounts due under the DEFERRED PAYMENT FACILITY shall, upon receipt by KBI of a written notice from ALCATEL, be paid by KBI in ROUBLES to the K-type Account of a Non-Resident Bank. In this case, KBI shall pay to the K-type Account of the Non-Resident Bank an amount in ROUBLES that is sufficient to ensure that, after such ROUBLES have been converted into EUROS, and after any fees, commissions, expenses, conversion charges, costs and other amounts have been deducted (whether on account of banking services or otherwise), ALCATEL will receive an amount in EUROS equal to the amount in EUROS that is owing to it under the other provisions of this AGREEMENT. The obligations of KBI hereunder will only be discharged to the extent that ALCATEL receives into its account in Germany full payment in EUROS in relation to all amounts due hereunder.

For avoidance of doubts this provision is only an option for ALCATEL and does not create any rights for KBI.

9.3 Application of payment

Payments received from KBI shall be applied upon the then existing indebtedness of KBI pursuant to this AGREEMENT in the following order, in each case starting with the oldest maturities:

9.3.1 interest for late payment;

9.3.2 interest;

9.3.3 any other amount due pursuant to this AGREEMENT with the exception of principal;

9.3.4 principal;

9.3.5 principal in advance, in inverse chronological order of the maturity date of the instalments.

9.4 Taxes, Absence of Deductions

Notwithstanding that KBI shall pay the taxes on the amounts due to ALCATEL in accordance with the terms of Article 3.3 of the FRAME CONTRACT all payments by KBI pursuant to this AGREEMENT shall be made to ALCATEL free and clear of and without set-off or counterclaim and without deduction of any taxes, duties, withholdings or similar charges of any nature whatsoever, present or future, in Russia or any political subdivision thereof, unless KBI shall be compelled by law to make such deductions, in which case:

9.4.1 KBI shall pay such additional amounts as may be necessary in order that the net amounts received by ALCATEL shall equal the gross amounts of principal and interest agreed to be paid under this AGREEMENT as if no such deduction or withholding had taken place; and

9.4.2 KBI will immediately forward to ALCATEL written evidence of the payment of such deductions, taxes or duties withheld.

In any event the Parties shall cooperate in good faith in order to avoid any withholding or deduction (when lawful) and double taxation and shall provide to each other all documents reasonably required under the relevant legislation.

ARTICLE 10 - REPRESENTATIONS AND WARRANTIES

KBI acknowledges that ALCATEL has entered into this AGREEMENT in full reliance on the representations made by KBI in the following terms; and KBI now warrants and represents in favour of ALCATEL that:

10.1 KBI is duly registered and validly existing under the laws of the Russian Federation as a joint stock company and has power to carry on its business as it is now being conducted and to use and enjoy its property and other assets, and has satisfied all its tax obligations;

10.2 KBI has a LICENCE which authorizes it to carry out the PROJECT;

10.3 the execution, delivery and performance of this AGREEMENT, INDENT 20, the FRAME CONTRACT, the SERVICE CONTRACT and the Twenty- Fifth Amendment to the PLEDGE AGREEMENT are within its corporate powers, have been duly authorised by all necessary corporate action, and do not conflict with or violate any law, regulation, decree, ruling, judgment or order, or KBI founding documents, or any contract or other instrument binding upon KBI or any of its assets nor result in the creation or imposition of any lien or charge on any property of KBI, or result in the acceleration of any obligation, or in a condition or event which constitutes an event of default under any agreement or instrument binding upon KBI or conflict with any present liabilities of KBI;

10.4 INDENT 20, the FRAME CONTRACT, the SERVICE CONTRACT, this AGREEMENT and the Twenty - Fifth Amendment to the PLEDGE AGREEMENT to be delivered thereunder constitute the legal, valid and binding obligations of KBI, enforceable in accordance with their respective terms;

10.5 on the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY, all authorisations, consents, approvals and licences of all competent authorities in the Russian Federation will have been obtained, all material contracts necessary to the implementation of the LICENCE will be effective and all filings, registrations, recordings and notarisations, required or appropriate for the validity, delivery, performance, enforceability or admissibility in evidence in the courts of Russia of INDENT 20, the FRAME CONTRACT, the SERVICE CONTRACT, the GUARANTEE, this AGREEMENT and the Twenty -Fifth Amendment to the PLEDGE AGREEMENT to be delivered hereunder, will have been obtained and will be valid, and in full force and effect;

10.6 there is no litigation, arbitration or administrative proceeding in course or to the knowledge of the officers of KBI, pending or threatened against KBI which could have a material adverse effect on the BUSINESS, assets or financial status of KBI;

10.7 KBI is not in breach of any obligation under any agreement to which it is a party or by which it may be bound, which breach would affect the ability of KBI to perform any of its obligations under this AGREEMENT;

10.8 no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT has occurred and is continuing or will occur as a result of any utilisation under the DEFERRED PAYMENT FACILITY; nor is KBI, to an extent or in a manner which could affect the ability of KBI to perform any of its obligations under this AGREEMENT, in breach or default under any other agreement;

10.9 all information and reports furnished by KBI to ALCATEL under the AGREEMENT are true and accurate in all material respects and not misleading, and do not omit any material facts for which reasonable enquiries have been made to verify the accuracy of such assumptions;

10.10 KBI has the technical and commercial abilities to operate the PROJECT, and KBI either itself or through personnel of the Group that KBI is authorised to use has sufficient qualified management and technical personnel to support the execution and operation of the PROJECT;

The representations and warranties set out in Articles 10.1, 10.3, and 10.4 of this AGREEMENT shall be deemed to be repeated on the first day of each interest period (as determined in accordance with Article 7.1.1 of this AGREEMENT).

ARTICLE 11 - CONDITIONS OF EFFECTIVENESS

11.1 The obligation of ALCATEL to provide the DEFERRED PAYMENT FACILITY hereunder is subject to the conditions precedent that:

11.1.1 ALCATEL shall have received written notice from KBI pursuant to and in accordance with Article 2.2.2 of INDENT 20, of the exercise of KBI's option to use the DEFERRED PAYMENT FACILITY.

11.1.2 to the extent that KBI exercises its option to finance INDENT 20 thereby, obtaining by VIMPELCOM and KBI of all necessary shareholder and other internal consents and authorisations (in each case in a form reasonably satisfactory to ALCATEL) in connection with preparation, negotiation and signing of this AGREEMENT, the Twenty-Fifth Amendment to th Exhibit 4.47e PLEDGE AGREEMENT and the GUARANTEE;

11.1.3 INDENT 20, the GUARANTEE, this AGREEMENT and the Twenty-Fifth Amendment to the PLEDGE AGREEMENT have been signed in a form and substance satisfactory to ALCATEL;

11.1.4 ALCATEL shall have received payment in full of the amount due from KBI in accordance with Article 2.2.1; and

11.1.5 to the extent that any EQUIPMENT has been delivered to KBI under INDENT 20 or the FRAME CONTRACT prior to or on the date of the satisfaction of the conditions precedent contained in Articles 11.1.1, 11.1.2, 11.1.3 and 11.1.4 ALCATEL shall have received an extract from the register of pledges of KBI evidencing the restriction of a hard pledge over such EQUIPMENT securing KBI's obligations under this AGREEMENT and the Deferred Payment Agreement between the parties dated 25 May 1996 as amended from time to time.

11.1.6 ALCATEL shall have received payment in full of the amounts (principal and interest) as outlined in the notice of prepayments under Indent 1 Allotment B, Indent 7 and Indent 11 of KBI to ALCATEL dated 08 August, 2002.

11.2 The obligation of ALCATEL to provide the DEFERRED PAYMENT FACILITY hereunder is subject to the following condition subsequent:

11.2.1 ALCATEL shall have been notified by KBI of the decision of the VIMPELCOM Board of Directors before 31 October, 2002, approving the Indents 21 and 22 – each with a volume of 15 Mill. Euro (fifteen million EURO) on a cash basis, to be awarded to ALCATEL before December 30, 2002. For avoidance of doubt the above mentioned price for each Indent 21 and 22 corresponds to credit prices and is subject to negotiation due to the cash purchase of these Indents.

11.2.2 If KBI fails to notify ALCATEL of such an approval of the Board of Directors of VIMPELCOM before the 31 October, then the DEFERRED PAYMENT FACILITY shall be deemed not to have been made available. Accordingly, the price of the EQUIPMENT shall be deemed to have fallen due 30 days after delivery of the respective consignment of the EQUIPMENT to the point of customs clearance (customs warehouse) in the City of Moscow or Moscow Region (Moskovskaya Oblast) in accordance with the first sentence of the Article 2.2.2 of this AGREEMENT the provisions of Article 7.2 of this AGREEMENT shall apply in respect of overdue sums, but with the interest rate of 6-month EURIBOR +2,9% per annum.

11.2.3 For the avoidance of doubt if the event described in Article 11.2.2 occur and the DEFERRED PAYMENT FACILITY is deemed not to have been made available as aforementioned:

(i) (a) neither such events nor the consequent non-availability of the DEFERRED PAYMENT FACILITY shall be deemed of themselves to constitute an EVENT OF DEFAULT; and (b) payment by KBI of the amounts due in respect of the EQUIPMENT on the terms specified in Article 11.2.2 within 10 BUSINESS DAYS of the date on which such event occurred as a consequence of such events shall not be deemed to be an acceleration of the maturity of indebtedness of KBI to ALCATEL, but shall be deemed to be an alternative payment terms for such indebtedness;

provided that if KBI fails to pay all amounts due in respect of the EQUIPMENT as a consequence, including any amounts due in accordance with Article 7.2 of this AGREEMENT, within 10 BUSINESS DAYS of the date on which such event occurred, ALCATEL shall (without prejudice to any other rights or remedies accruing to ALCATEL in respect of this AGREEMENT, any other agreement between the parties or in connection with the PROJECT for any other reason) have the right immediately to terminate or suspend any PHASE FACILITY or the DEFERRED PAYMENT FACILITES, accelerate amounts due under the PHASE FACILITY or the DEFFERED PAYMENT FACILITIES or terminate any other agreement between ALCATEL and KBI in accordance with Article 13.2.1 of the DEFERRED PAYMENT AGREEMENT.

(ii) nothing in this Article 11.2 shall affect the validity of the GUARANTEE, which shall remain in full force and effect

11.3 The obligation of ALCATEL to continue to provide the DEFERRED PAYMENT FACILITY and to make further deliveries under the terms of the FRAME CONTRACT and INDENT 20 on deferred payment terms is subject to the conditions precedent that arising on the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY:

11.3.1 no breach of covenant or EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT within the meaning of Article 12 and 13 hereinafter, shall have occurred and be continuing on the date of the DEFERRED PAYMENT FACILITY;

11.3.2 the representations and warranties made by KBI, as set forth in Article 10 hereof, and made by VIMPELCOM under the GUARANTEE shall be true and correct on and as of the date of the making of the DEFERRED PAYMENT FACILITY with the same force and effect as if made on and as of such date;

11.3.3 the conditions of effectiveness defined in paragraph 11.1 above continue to be satisfied and that nothing has occurred (and which may have a substantial impact on the performance hereof) which would restrict (i) KBI's ability to perform its obligations hereunder or under the FRAME CONTRACT, the SERVICE CONTRACT or INDENT 20 or to operate the EQUIPMENT or to effect repayments hereunder, (ii) VIMPELCOM's ability to perform their respective obligations under the GUARANTEE; and

11.3.4 ALCATEL shall have received the names and specimen signatures of KBI's representatives who are duly authorised to sign the documents required under this AGREEMENT, duly authenticated by a notary in accordance with Russian legislation approved by ALCATEL.

11.3 ALCATEL will notify KBI in writing at such time as all the above conditions precedent have been fulfilled.

ARTICLE 12 - COVENANTS

KBI hereby covenants that as of the date of this AGREEMENT and as long as any amount remains due by it pursuant to this AGREEMENT:

12.1 KBI shall obtain all authorisations, orders, consents and approvals which may be required after the EFFECTIVE DATE of the DEFERRED PAYMENT FACILITY for the fulfilment of any of its obligations hereunder and for KBI to implement the PROJECT and to exercise its rights effectively under the LICENCE;

12.2 KBI shall not merge with another company or reorganise or voluntarily liquidate without ALCATEL's prior written consent;

12.3 KBI shall promptly inform ALCATEL of litigation, arbitration, or administrative or other legal or extra judiciary proceedings filed upon it or any of its assets which may materially affect KBI's ability to perform its obligations hereunder or ALCATEL's rights hereunder including in relation to insolvency, administration, arrest or enforcement against KBI or any of its property or assets;

12.4 promptly upon becoming aware of the same, give written notice to ALCATEL of the occurrence of any EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT, including any EVENT OF DEFAULT or POTENTIAL EVENT OF DFAULT arising as the result of any other default of KBI under any indebtedness with an aggregate principal amount in excess of USD 2.5 million or VIMPELCOM under any indebtedness with an aggregate principal amount in excess of USD 10 million (or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default);

12.5 KBI shall create a charge on the EQUIPMENT and replacement thereof, to the benefit of ALCATEL as security for the payment of all amounts due to ALCATEL hereunder. Such charge shall be made in accordance with the laws of Russia and at the earliest time permitted thereunder and duly registered in KBI's books and mentioned in KBI's audited accounts and in KBI's pledge book to be maintained in accordance with Russian legislation and made available to any creditor or interested third party. KBI shall be obliged to register such pledge in respect of all of the EQUIPMENT and shall promptly supply ALCATEL with a certified extract from KBI's pledge book in respect of such registration within 21 days of delivery of the relevant EQUIPMENT;

12.6 Other than the charge defined in 12.5 above KBI shall not create or permit to exist any mortgage, security interest, title retention agreement or other lien, charge or encumbrance with respect to any piece of the EQUIPMENT and replacement thereof. KBI shall register this negative pledge in its books and in KBI's pledge book to be maintained in accordance with Russian legislation and mention the same in its audited accounts.

12.7 KBI shall maintain the EQUIPMENT and shall take all necessary measures and precautions that are reasonably required in order to prevent direct or indirect damage or loss of such equipment, and KBI shall insure the equipment in the currency and in the amount of its purchase price; provided, that for equipment for which the purchase price was denominated in US Dollars, KBI may insure such equipment in Euros in an amount equal to the Central Bank of Russia cross rate for such US Dollar amount, determined as of the date of the agreement under which such insurance is provided;

12.8 disregarding sales of stock in trade in the ordinary course of business, KBI shall not sell, lease (other than permitted by ALCATEL by written waiver), transfer or otherwise dispose of, by one or more transactions or series of transactions (whether related or not) the whole or any substantial part of the BUSINESS or its assets which materially affects KBI's ability to perform its obligations hereunder or ALCATEL's rights under this AGREEMENT;

12.9 Other than permitted by ALCATEL by written waiver KBI shall not permit any future indebtedness for borrowed moneys, guarantee or other obligations of KBI which may materially adversely affect KBI's ability to perform its obligations hereunder. Should KBI prefer in order to avoid any doubt to make request for Alcatel's permission in respect to borrowings from VIMPELCOM, such permission shall be deemed to have been given by ALCATEL, if within 10 days of receipt by ALCATEL of a written request for such permission KBI has not received a written reply to its request.

12.10 Other than

(i) with respect to equipment not subject to any lien, mortgage, pledge, charge, security interest, hypothecation or ENCUMBRANCE in favor of ALCATEL (including any EQUIPMENT released from the Pledge Agreement in accordance with the terms thereof),

(ii) any insurance proceeds of any property covered by any lien or similar interest permitted hereunder, and

(iii) as permitted by ALCATEL in the letter waiver dated March 13, 2000

KBI will not at any time create, permit to be created, incur, assume or suffer to exist any lien, mortgage, pledge, charge, security interest, hypothecation or ENCUMBRANCE upon or with respect to any revenues or properties or with respect to the right to receive income (now existing or hereafter arising) as security for any debt of KBI;

12.11 The sums due under the DEFERRED PAYMENT FACILITY shall constitute secured obligations of KBI and shall at all times rank pari passu and without preference among themselves. The payment obligations of KBI under the DEFERRED PAYMENT FACILITY shall, save for such exceptions as may be provided by applicable legislation, at all times rank equally with all their other present and future unsecured and unsubordinated obligations. The claims of ALCATEL against KBI under the PLEDGE AGREEMENT rank in priority to the claims of all other creditors of KBI, except as may be provided by applicable legislation;

12.12 KBI will deliver to ALCATEL:

12.12.1 as soon as they become available (and in any event within 180 days of the end of each of VIMPELCOM's fiscal years), the consolidated balance sheet of the Group as at the close of that fiscal year and the Group's consolidated income statement of changes in financial position for that fiscal year, prepared in accordance with generally accepted principles of International Accounting Standards (IAS) or United States Generally Accepted Accounting Principles (US GAAP), applied on a basis consistent with that used in preparing the Group's audited consolidated financial statements for prior years (or together with disclosure of changes in accounting policy since audited financial statements for prior years), certified by Ernst & Young licensed accounting firm or by another firm of independent accountants of international standing selected by VIMPELCOM and acceptable to ALCATEL as fairly presenting the financial condition of the Group on a consolidated basis as at the close of that fiscal year and the results of the Group's operations for that fiscal year on consolidated basis (the "**Annual Statements**"). The certification shall include or be accompanied by a statement that, during the examination by that firm of those financial statements, the firm observed or discovered no EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT as defined in Article 13 - Supervision & Termination - of the AGREEMENT or a detailed description of any EVENT OF DEFAULT or POTENTIAL EVENT OF DEFAULT if any is observed or discovered;

12.12.2 as soon as they become available (and in any event within 90 days of the end of the first half of each of VIMPELCOM's financial years), copies of the Group's financial statements for the first half of the financial year which shall contain a consolidated income statement and a consolidated balance sheet of the Group;

12.12.3 promptly, such additional financial or other information as ALCATEL may from time to time request.

For the purposes of sub-Articles 12.12.1 and 12.12.2 as well as Article 10.10 the term "**Group**" shall mean VIMPELCOM, its subsidiaries and subsidiary undertakings as defined in accordance with International Accounting Standards or United States Generally Accepted Accounting Principles as the case may be.

12.13 ALCATEL will have the right to audit, or to have audited, through an international audit company selected by ALCATEL, at KBI's Premises but at ALCATEL's expense, the fiscal statements, books and other financial documentation and information of KBI;

12.14 KBI shall not use the EQUIPMENT delivered under the FRAME CONTRACT for any other purposes than those set forth in the LICENCE; and

12.15 KBI will ensure that there is no material change in the nature of the BUSINESS (whether by a single transaction or a number of related or unrelated transactions, whether at one time or over a period of time and by disposal, acquisition or otherwise); and

12.16 KBI shall not make dividend payments to VIMPELCOM or any other direct or indirect shareholder; provided, that so long as no EVENT OF DEFAULT exists and is continuing under this AGREEMENT and no "event of default" or "guarantor default" (as defined therein) exists and is continuing under any other Deferred Payment Agreement entered into by KBI and ALCATEL or the GUARANTEE or any other Guarantee given by VIMPELCOM in favor of ALCATEL, in each case in connection with the FRAME CONTRACT, KBI may pay dividends in any year in an amount not greater than 80% of the net profit of KBI for such year.

ARTICLE 13 - SUSPENSION - TERMINATION - EVENTS OF DEFAULT

13.1 ALCATEL shall have the right at its sole discretion to terminate the DEFERRED PAYMENT FACILITY upon the occurrence of an EVENT OF DEFAULT as defined in Article 13.2 hereunder. In such case the repayment of all amounts due under the DEFERRED PAYMENT FACILITY as the case may be may be accelerated by written notice of ALCATEL and become due and payable immediately upon such notice and any other agreement between KBI and ALCATEL may be terminated by ALCATEL.

ALCATEL may in its sole discretion elect not to terminate but to suspend this AGREEMENT on an EVENT OF DEFAULT. On suspension by ALCATEL of this AGREEMENT ALCATEL may agree without prejudice to its right to terminate or require repayment of all sums due in connection herewith on demand, to defer repayments of interest, capitalized interest or principal provided that interest shall continue to accrue on such sum in the manner provided herein.

13.2 The following events shall each be deemed to be an EVENT of DEFAULT under this AGREEMENT:

13.2.1 any failure by KBI to repay any amount due to ALCATEL under this AGREEMENT, the SERVICE CONTRACT or any INDENT to the FRAME CONTRACT or the Deferred Payment Agreements related thereto (Indent 5 Deferred Payment Agreement, Indent 6 Deferred Payment Agreement, Indent 7 Deferred Payment Agreement, Indent 8 Deferred Payment Agreement, Indent 9 Deferred Payment Agreement, Indent 10 Deferred Payment Agreement, Indent 11 Deferred Payment Agreement, Indent 13 Deferred Payment Agreement, Indent 14 Deferred Payment Agreement, Indent 15 Deferred Payment Agreement, the Indent 16 Deferred Payment Agreement, the Indent 17 Deferred Payment Agreement, the Indent 18 Deferred Payment Agreement and the Indent 19 Deferred Payment Agreement), the Frame Contract dated 25 May 1996 as amended from time to time, any Indents thereto or the Deferred Payment Agreement dated 25 May 1996 as amended from time to time within ninety (90) days after the date on which it becomes due and payable;

13.2.2 any default, other than failure to repay (which if capable of remedy, is not remedied and continues for a period of 15 (fifteen) days after receipt of notice from ALCATEL requiring remedy and which may have a substantial impact on the performance hereof) in the performance of any covenant or obligation on the part of KBI under this AGREEMENT or any other agreement (in each case as amended and as further amended from time to time) between KBI and ALCATEL including the FRAME CONTRACT, any INDENT, the SERVICE CONTRACT, the Frame Contract dated 25 May 1996, any Indents thereto, the Deferred Payment Agreement dated 25 May 1996, the Indent 5 Deferred Payment Agreement dated 23 August 2000, the Indent 6 Deferred Payment Agreement dated 7 September 2000, the Indent 7 Deferred Payment Agreement dated 26 December 2000, the Indent 8 Deferred Payment Agreement dated 16 February 2001, the Indent 9 Deferred Payment Agreement dated 9 May 2001, the Indent 10 Deferred Payment Agreement dated 22 June 2001, the Indent 11 Deferred Payment Agreement dated 20 July 2001, the Indent 13 Deferred Payment Agreement dated 5 November 2001, the Indent 14 Deferred Payment Agreement dated 12 November 2001, the Indent 15 Deferred Payment Agreement dated 08 January 2002, the Indent 16 Deferred Payment Agreement dated 08 January 2002, the Indent 17 Deferred Payment Agreement dated 27 March 2002 the Indent 18 Deferred Payment Agreement dated 17 April 2002 and the Indent 19 Deferred Payment Agreement dated 11 July 2002 or the PLEDGE AGREEMENT including failure to register the pledge created in accordance with the terms of the PLEDGE AGREEMENT in respect of any EQUIPMENT, provided, however, that so long as KBI is actively pursuing the cure of such breach and has advised ALCATEL in writing that it believes in good faith that a cure is reasonably possible within 90 (ninety) days of the occurrence of such breach, any breach of Article 12.1 shall be considered an EVENT OF DEFAULT only if such breach continues for a period of 90 (ninety) days.

13.2.3 any default (which, if capable of remedy is not remedied and continues for a period of 15 (fifteen) days after receipt of notice from ALCATEL requiring remedy) in the performance of any covenant or obligation on the part of VIMPELCOM under the GUARANTEE or the Deeds of Guarantee issued by VIMPELCOM in respect of the Indent 5 Deferred Payment Agreement dated 23 August 2000 or the Indent 6 Deferred Payments Agreement dated 7 September 2000, the Indent 7 Deferred Payment Agreement dated 26 December 2000, the Indent 8 Deferred Payment Agreement dated 16 February 2001, the Indent 9 Deferred Payment Agreement dated 9 May 2001, the Indent 10 Deferred Payment Agreement dated 22 June 2001, the Indent 11 Deferred Payment Agreement dated 20 July 2001, the Indent 13 Deferred Payment Agreement dated 5 November 2001, the Indent 14 Deferred Payment Agreement dated 12 November 2001, the Indent 15 Deferred Payment Agreement dated 08 January 2002, the Indent 16 Deferred Payment Agreement dated 08 January 2002, the Indent 17 Deferred Payment Agreement dated 27 March 2002, the Indent 18 Deferred Payment Agreement dated 17 April 2002 and the Indent 19 Deferred Payment Agreement dated 11 July 2002 in each case between ALCATEL and KBI or the Guarantors under the Deed of Guarantee issued in respect of the Deferred Payment Agreement dated 25 May 1996 between ALCATEL and KBI as amended from time to time

13.2.4 any representation, warranty or statement by KBI in this AGREEMENT or in any document delivered hereunder or by VIMPELCOM under the GUARANTEE is not complied with or is or proves to have been incorrect when made or deemed repeated, provided, that it shall not constitute an EVENT of DEFAULT if a representation and warranty to be repeated in accordance with the last paragraph of Article 10 is incorrect unless the failure of such representation and warranty to be correct continues unremedied for a period of 15 (fifteen) days;

13.2.5 nationalisation, seizure or expropriation of KBI or a substantial part of its assets;

13.2.6 bankruptcy, voluntary liquidation, reorganisation or liquidation by decree of court of KBI;

13.2.7

(i) default of KBI under any indebtedness with an aggregate principal amount in excess of USD 2.5 million or VIMPELCOM under any indebtedness with an aggregate principal amount in excess of USD 10 million (or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default)

(a) resulting from the failure to pay principal or interest (in the case of an interest default or a default in the payment of principal other than at its stated maturity date, after the expiration of any originally applicable grace period) in an aggregate amount in excess of USD 1.25 million (in the case of KBI) or USD 5 million (in the case of VIMPELCOM, in each case or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) when due; or

(b) as a result of which the maturity of such indebtedness ***has been*** accelerated prior to its stated maturity date;

(ii) default (howsoever described, other than as a result of the breach of a covenant to pay principal and interest) of KBI under any indebtedness with an aggregate amount in excess of USD 2.5 million or VIMPELCOM under any indebtedness with an aggregate principal amount in excess of USD 10 million (or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) as a result of which the maturity of any other indebtedness ***may be*** accelerated prior to its stated maturity date.

13.2.8 imposition of any exchange control mechanism which would prevent or substantially delay receipt by ALCATEL of payments in convertible currencies (or convertible currency proceeds of conversions of payments in Rubles) by KBI to ALCATEL, if not remedied within a period of 90 (ninety) days;

13.2.9 loss or expiry of the LICENCE (or modification thereto which has an adverse impact on the financial capacity of KBI to repay any amount due to ALCATEL hereunder) for a period of more than 90 (ninety) days without the LICENSE being replaced or reinstated, or non-compliance by KBI of its obligations under the LICENCE for a period of more than 90 (ninety) days, or the termination of any material agreement, permission or consent necessary to undertake the BUSINESS encompassed by the PROJECT and this AGREEMENT for a period of more than 90 (ninety) days without the agreement, permission or consent being replaced or reinstated;

13.2.10 Taking into account VIMPELCOM's support and the GUARANTEE a deterioration in the financial condition of KBI or of VIMPELCOM or either of the same has occurred and as a consequence thereof ALCATEL considers that KBI or VIMPELCOM or either of the same are unable or unwilling to perform their obligations in respect of their respective obligations under the GUARANTEE, or if the GUARANTEE becomes or is claimed by those persons to be, invalid and/or unenforceable or is otherwise repudiated by those persons;

13.2.11 change of ownership or control of KBI without ALCATEL's written consent which shall not be unreasonably withheld. Change of ownership or control of KBI shall be determined in accordance with the rules of the International Accounting Standards and shall be deemed for these purposes to include, but not be limited to, the acquisition of any shares in KBI (or rights, securities or investments convertible or exchangeable into, or providing the right to acquire such shares) by any competitor of ALCATEL in the mobile telecommunications equipment manufacturing field or the making any other management, shareholders', voting or other arrangement conferring the right on such competitor to influence materially management decisions of KBI provided that any such acquisition or arrangement made by Telenor AS (or its successors in title) or a member of the Telenor AS group shall be disregarded for this purpose;

13.2.12 other than in connection with

(i) the imposition of any exchange control mechanism or change therein,

(ii) any loss or expiry of the LICENCE (or modification thereto),

(iii) non-compliance by KBI with its obligations under the LICENCE, any consent or approval necessary for the performance hereof or of the GUARANTEE is not obtained, ceases to be in full force and effect or is not complied with or will become unlawful for KBI or VIMPELCOM to perform or comply with the respective obligations hereunder or under the GUARANTEE;

13.2.13 any final judgment or order (not covered by insurance) for the payment of money in excess of USD 1 million (or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount) in the aggregate for all such final judgments or orders (treating any deductibles, self-insurance or retention as not so covered) is rendered against KBI and is not paid or discharged, and there is any period of 60 (sixty) consecutive calendar days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged to exceed USD 1 million (or, to the extent not U.S. dollar denominated, the U.S. dollar equivalent of such amount) during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, is not in effect;

13.2.14 any resolution of KBI or any other person or governmental body or agency (each having such authority under applicable law) on the following matters without the approval of ALCATEL:

(i) the appointment of an administrator in respect of KBI or the liquidation or reorganisation of KBI or presentation of any petition for the winding-up of KBI or any of its subsidiaries which is material to the BUSINESS ;

(ii) the acquisition by KBI of any assets or property (other than in the ordinary course of business) save where such acquisition has been specifically identified and approved in the annual operating budget of KBI or VIMPELCOM as amended from time to time;

(iii) the acquisition by KBI of any charter capital or other securities of any legal person or organisation or of any business of any legal person or organisation, the disposal by KBI of any participation in the charter capital or of other securities of any other subsidiary of KBI;

(iv) the sale or disposition of any fixed assets of KBI (other than in the ordinary course of the Business) save where a disposal has been specifically identified and approved in the annual operating budget of KBI or VIMPELCOM as amended from time to time and save as provided in the PLEDGE AGREEMENT and any pledge of the EQUIPMENT;

(v) the giving by KBI of any guarantee or indemnity which may materially adversely affect KBI's ability to perform its obligations hereunder;

(vi) the making by KBI of any contract of a material nature other than in the ordinary course of its BUSINESS;

(vii) the making by KBI of any material contract with a shareholder of KBI or affiliated person of VIMPELCOM or any variation of such a contract; provided, however, that this clause shall not apply to service agreements between KBI and VIMPELCOM as defined in the Cover Letter (as defined in that certain letter dated 15 February 2002, from KBI to and agreed and consented to by ALCATEL), concluded in the ordinary course of business. For the avoidance of doubt, this Article 13.2.14(vii) shall also not apply to agreements relating to indebtedness permitted under Article 12.9 of this AGREEMENT;

(viii) the making of any loan or advance to any person, firm, legal persons or organisations or other business other than (x) reasonable loans or advances at arm's length to employees of KBI for social support purposes; or (y) lending operations of not more than 6 months' duration carried out for the purpose of the management of the current financial assets of KBI and/or VIMPELCOM and comprising deposits placed with banks, down payments for supplied goods or services (including purchases of telecommunication or related equipment) or cash advances by KBI to VIMPELCOM (such cash advances being deposits/lending repayable on demand and made for the purposes of pooling cash resources or complying with tax obligations), in each case such loan or advance to rank at least pari passu with all of VIMPELCOM's other unsecured and unsubordinated obligations and not to be of a financing nature;

(ix) the reduction of its charter capital or any redemption, purchase or other acquisition by KBI of any shares or other securities of KBI of an equity nature;

(x) the taking of any action or inaction by which the charter capital of KBI falls below the minimum set by law or by which the net assets of KBI have a value lower than the charter capital of KBI at the time; or

13.2.15 the payment or declaration by KBI of any dividend or other distribution in respect of shares in KBI; however, KBI is entitled to pay dividends as outlined in Art. 12.16 hereof;

13.2.16 intentionally omitted;

13.2.17 Any Financial Covenant Event of Default has occurred and is continuing. As used in this Article 13.2.17, a "Financial Covenant Event of Default" means an Event of Default (as defined therein) under that certain Loan Agreement dated April 23, 2002 between VIMPELCOM and J.P. Morgan AG, as amended (the "J.P. Morgan Loan Agreement"), taking into account any cure period permitted thereunder, as a result of the breach of Clause 14.6 ("Liens"), Clause 14.7 ("Incurrence of Indebtedness") Clause 14.8 ("Restricted Payments") or Clause 14.9 ("Asset Sales");

13.2.18 Any Event of Default as defined in any deferred payment agreement between ALCATEL and OJSC Vimpelcom-Region has occurred and is continuing;

13.2.19 The Services Agreement (as defined in the J.P. Morgan Loan Agreement) is terminated, or for any other reason ceases to have effect and is not replaced by the Agency Agreement (as defined in the J.P. Morgan Loan Agreement) or such Agency Agreement is terminated, or for any other reason ceases to have effect.

ARTICLE 14 - MISCELLANEOUS PROVISIONS

[intentionally omitted]

ARTICLE 15 - WAIVER - RIGHTS CUMULATIVE

Failure or delay by ALCATEL to exercise any right, power or privilege under this AGREEMENT shall not constitute waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this AGREEMENT preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

ARTICLE 16 - NOTICES

All notices, requests, demands or other communications in connection with this AGREEMENT shall be by telex, telegraph, telefax, or cable or in writing and telexed, telegraphed, cabled, insured by hand delivery, telefaxed or delivered to the intended recipient at the following addresses:

If to KBI

Att. The General Director telephone +7 095 212 0512 telefax +7 095 214 0962

8 Marta ulitsa 10
Moscow 127083
Russian Federation

If to ALCATEL

Att. H - G Proehl (ZRV/VT) telephone +49 711 821 42816 telefax +49 711 821 44485

Lorenzstrasse 10
70435 Stuttgart
Germany

or, as to any party, at such other address as shall be designated by such party in a notice to all other parties.

Except as otherwise expressly provided herein, all notices and other communications shall be deemed to have been duly given on the next working day of the recipient when transmitted by telex, telegram, cable or on the day of remittance when hand delivered or, in the case of insured by hand delivery on receipt.

ARTICLE 17 - LANGUAGE

This AGREEMENT has been executed in 2 counterparts in English. One executed counterpart in English has been delivered to each party to this AGREEMENT. A Russian language version of this AGREEMENT may be prepared at a future time and concluded. In the interpretation of this AGREEMENT the English text shall prevail.

All notices, requests, demands or other communications in connection with this AGREEMENT shall be in English language.

ARTICLE 18 - SUCCESSORS AND ASSIGNS

18.1 This AGREEMENT shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assignees, provided however that the parties or any of them may not assign their rights or obligations hereunder without prior written consent of the other party, except as otherwise provided in Articles 18.2 and 18.3.

18.2 ALCATEL shall have the right to assign all or part of its rights and obligations hereunder to internationally reputable financing institutions and/or Export Credit Agencies for refinancing purposes.

18.3 ALCATEL's rights and obligations hereunder may be assigned to ALCATEL S.A., a company organised and existing under the laws of France with its head office at 54 Rue La Boetie, 75008 Paris, France or to any other company which is controlled by ALCATEL S.A upon delivery of written notice thereof to KBI.

For the purposes of this Clause 18.3 the term controlled shall mean ownership of more than fifty (50) per cent of the shares of a company with a right to vote or control through management or other agreements (a SUBSIDIARY). The term controlled shall also include a company of which more than fifty (50) per cent of the shares with a right to vote are held by a SUBSIDIARY or where such company is controlled by the SUBSIDIARY through management or other agreements.

18.4 KBI shall be fully protected in dealing solely with ALCATEL as the other party to this AGREEMENT until such time, if any, as it receives written notice of any permitted assignment under this Article 18.

ARTICLE 19 - PARTIAL INVALIDITY

Any provision of this AGREEMENT which would be prohibited or unenforceable shall not invalidate the remaining provisions hereof or affect the validity or enforceability or such provisions. The Parties shall endeavour to amend the faulty provision so that it becomes enforceable in keeping with the general intent of the Parties.

ARTICLE 20 - SOLE AGREEMENT

This AGREEMENT, when signed by the authorised representatives of all parties, shall constitute the sole agreement between them regarding the object of this AGREEMENT, superseding all prior agreements, arrangements and understandings with respect to the subject matters of this AGREEMENT.

No amendment to this AGREEMENT or to any of the Exhibits shall be effective unless stated in writing and signed by authorised representatives of both parties.

A person who is not a party to the this AGREEMENT as amended from time to time has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this AGREEMENT except and to the extent (if any) that this AGREEMENT expressly provides for such Act to apply to any of its terms.

ARTICLE 21 - CONFIDENTIALITY

21.1 All communications between the parties, VIMPELCOM and/or any of them and all information and other materials supplied to or received by any of them from the others which is either marked “confidential” or is by its nature intended to be for the knowledge of the recipient alone, and all information concerning the business transactions and the financial arrangements of the parties or VIMPELCOM with any person with whom any of them is in a confidential relationship with regard to the matter in question coming to the knowledge of the recipient shall be kept confidential by the recipient unless or until the recipient party can reasonably demonstrate that any such communication, information and material is, or part of it is, in the public domain through no fault of its own, whereupon to the extent that it is in the public domain or is required to be disclosed by law or in pursuance of employment duties or to auditors or professional advisers, this obligation shall cease.

21.2 The parties shall use all reasonable endeavours to procure the observance of the above-mentioned restrictions and shall take all reasonable steps to minimise the risk of disclosure of confidential information, by ensuring that only they themselves and such of their employees and directors whose duties will require them to possess any of such information shall have access thereto, and will be instructed to treat the same as confidential.

21.3 The obligation contained in this Article 21 shall endure, even after the termination of this AGREEMENT, without limit in point of time except and until such confidential information enters the public domain as set out above.

21.4 Notwithstanding Articles 21.1 to 21.3, the parties and VIMPELCOM may at any time disclose any such information and communications only to third parties concerned

(a) at the lawful request of any Governmental or Regulatory Authority;

(b) when required to do so in accordance with the provisions of applicable law, rule or regulation;

(c) to the parties' and VIMPELCOM's independent auditors, counsel and other professional advisers on a "need to know" basis; or

(d) to any person to whom ALCATEL transfers, or may potentially transfer, any of its rights or obligations hereunder.

ARTICLE 22 - LAW AND JURISDICTION

This AGREEMENT shall be governed by and construed and interpreted in accordance with the laws of England.

Any dispute which cannot be settled amicably shall be finally settled under the rules of Conciliation and Arbitration of the International Chamber of Commerce by three arbitrators, designated in accordance with the said rules. The award shall be finally binding on the Parties. The arbitration shall take place in Geneva in English.

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed by their duly authorised representatives.

ALCATEL SEL AG	**Open joint stock company "KBI Impuls"**
Name: Mario Querner	Name: Sergey Avdeev
Signature:	Signature:
Name: Christian Lacroix	Name: Dmitriy Steshchenko (Chief Accountant)
Signature:	Signature:

Exhibit 4.48

27 August, 2002
ZRV/TPF DrWa/dh
Ex 4.48.doc

Deed of Guarantee

Indent 20 Deferred Payment Agreement

This Deed Poll is given on 27 August, 2002 by **Open joint stock company "Vimpel-Communications"** registered at 8 Marta Ulitsa 10, building 14, Moscow 127083, Russia (the "**Guarantor**") in favour of Alcatel SEL AG ("**Alcatel**") in relation to certain obligations of **Open joint stock company "KB Impuls"** (the "**Company**").

1 INTERPRETATION

1.1 Definition

In this Deed:

Business means the business of providing the services of a DCS-1800 and/or GSM 900 cellular radio telephone network in the city of Moscow and Moscow region and such other regions of the Russian Federation as may be designated by Indent 20;

Deferred Payment Agreement means the Indent 20 deferred payment agreement of even date herewith between the Company and Alcatel;

Dissolution of a person includes the bankruptcy, insolvency, liquidation, winding-up, amalgamation, reconstruction, reorganisation, administration, administrative or other receivership or dissolution of that person, and any equivalent or analogous proceeding by whatever name known and in whatever jurisdiction;

Facility Documents means this Deed, the Deferred Payment Agreement, the Indent 5, Indent 6, Indent 7, Indent 8, Indent 9, Indent 10, Indent 11, Indent 13, Indent 14, Indent 15, Indent 16, Indent 17, Indent 18 and Indent 19 Deferred Payment Agreements between Alcatel and the Company dated August 23, 2000, September 7, 2000, December 26, 2000, February 16, 2001, May 9, 2001, 22 June, 2001, 20 July 2001, 5 November 2001, 12 November 2001, 08 January 2002 and again 08 January 2002, 27 March 2002, 17 April 2002 and 11 July 2002 respectively; the Deeds of Guarantee issued by the Guarantor in respect thereof, the Deferred Payment Agreement between Alcatel and the Company dated May 25, 1996 as amended, the Deed of Guarantee issued by *inter alia* the Guarantor in respect thereof as amended and the Pledge Agreement between Alcatel and the Company dated May 25, 1996 as amended, in each case as further amended from time to time;

Indent 20 means Annex 5u for Phase 20 (Indent No. 20) to the Frame Contract No. II for supply of Switching, Radio or other Telecommunication Equipment between Alcatel and the Company dated of even date hereof as amended from time to time; and

Proceedings means any proceeding, suit or action arising out of or in connection with this Deed.

1.2 Construction

The headings shall be ignored in construing this Deed.

2 Guarantee and Indemnity

2.1 Guarantee

The Guarantor unconditionally and irrevocably guarantees to Alcatel that, if for any reason at any time or from time to time the Company does not pay any sum due, owing or payable or expressed to be due, owing or payable by it in accordance with the Deferred Payment Agreement to Alcatel by the time, on the date and otherwise in the manner specified (whether on the normal due date, on acceleration or otherwise) in the Deferred Payment Agreement, it will pay that sum upon receipt of a written demand from Alcatel.

2.2 Guarantor as Principal Debtor

As an original and independent obligation under this Deed and without prejudice to any other provision in this Deed, the Guarantor shall be liable under this Deed as if it were the sole principal debtor and not merely a surety. Accordingly, it shall not be discharged, nor shall its liability be affected, by anything which would discharge it or affect its liability if it were the sole principal debtor including:

2.2.1 any time, indulgence, concession, waiver or consent at any time given to the Company or any other person;

2.2.2 any amendment of, supplement to or waiver or release granted under or in connection with any agreement or to any security or other guarantee;

2.2.3 the making or absence of any demand on the Company or any other person for payment;

2.2.4 the enforcement, or absence of enforcement, of this Deed or of any security or other guarantee;

2.2.5 the taking, existence, holding, failure to take or hold, varying, realisation, non-perfection or release by Alcatel or any other person of any security or other guarantee and/or indemnity;

2.2.6 the Dissolution of the Company or any other person;

2.2.7 any change in the constitution of the Company;

2.2.8 the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Company or any other person or which the Company may have at any time against Alcatel, whether in connection with Indent 20, the Facility Documents or otherwise;

2.2.9 the granting by Alcatel to the Company of any other financial accommodation or the withdrawal or restriction by Alcatel of any financial accommodation, or the absence of any notice to the Guarantor of any such granting, withdrawal or restriction;

2.2.10 any arrangement or compromise entered into by Alcatel with the Company or any other person; or

2.2.11 any other thing done or omitted or neglected to be done by Alcatel or any other person or any other dealing, fact, matter or thing (including, but without limitation, any circumstances whatsoever affecting or preventing recovery of amounts due, owing or payable in respect of the Facility Documents) which, but for this provision, might operate to exonerate or discharge the Guarantor from, or otherwise prejudice or affect, the Guarantor’s obligations under this Deed.

2.3 Guarantor's Obligations Continuing

The Guarantor's obligations under this Deed are and will remain in full force and effect by way of continuing security until no sum is or may become due, owing or payable by the Company to Alcatel, and Alcatel has irrevocably received or recovered all sums payable, in respect of the Facility Documents. Furthermore, those obligations of the Guarantor are additional to, and not instead of, any security or other guarantee and/or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise, and may be enforced without first having recourse to the Company, any other person, any security, other guarantee and/or indemnity without taking any steps or proceedings against the Company or any other person, and without resorting to any other means of payment.

2.4 Avoidance of Payments

The Guarantor shall within two working days from receipt by the Guarantor of a written demand from Alcatel indemnify Alcatel against any funding or other cost, loss, expense or liability sustained or incurred as a result of it being required for any reason (including any bankruptcy, insolvency, winding-up or similar law of any jurisdiction) to refund all or part of any amount received or recovered by it in respect of the sums payable by the Company in respect of the Deferred Payment Agreement and shall in any event pay to Alcatel within two working days from receipt by the Guarantor of a written demand from Alcatel that amount so refunded by it.

2.5 Suspense Accounts

For the purpose of enabling Alcatel to maximise its recoveries in any actual or potential Dissolution, any amount received or recovered or realised by Alcatel (otherwise than as a result of a payment by the Company) in respect of any sums payable by the Company in respect of the Facility Documents may be placed by Alcatel in an interest bearing suspense account without any obligation on its part to apply the same in or towards the discharge of sums due in respect of the Facility Documents and without any right on the part of the Guarantor to sue the Company or any other surety or to prove in the Dissolution of the Company or any other surety in competition with or so as to diminish any advantage that would or might come to Alcatel, or to treat the liability of the Company or any other surety as diminished. That amount may be kept there (with any interest earned being credited to that account) unless and until Alcatel is satisfied that it is not obliged to pay any further sum and that it has irrevocably received or recovered its share, all interest accrued thereon and any other sums payable to it.

2.6 Indemnity

As separate, independent and alternative stipulations, the Guarantor unconditionally and irrevocably agrees:

2.6.1 that any sum which, although expressed to be payable by the Company to Alcatel in respect of the Facility Documents, is for any reason (whether or not now existing and whether or not now known or becoming known to any party) not recoverable from the Guarantor on the basis of a guarantee shall nevertheless be recoverable from it as if it was the sole principal debtor and shall be paid by it to Alcatel upon receipt by the Guarantor of a written demand from Alcatel whether or not it has attempted to enforce any rights against the Company or any other person or otherwise; and

2.6.2 as a primary obligation to indemnify Alcatel and to keep Alcatel indemnified against any loss, cost, expense or liability of whatever kind suffered by it as a result of any sum expressed to be payable by the Company in accordance with the Facility Documents not being paid by the time, on the date and otherwise in the manner specified in the Facility Documents or any payment obligation of the Company being or becoming void, voidable, ineffective or unenforceable for any reason (whether or not now existing and whether or not now known or becoming known to any party and including, but without limitation, all reasonable legal and other costs, charges and expenses reasonably incurred by Alcatel in connection with preserving or enforcing its rights under this Deed).

2.7 Taxes

All sums payable by the Guarantor under this Deed shall be paid free of any restriction or condition and free and clear of and (except to the extent required by law) without any deduction or withholding for or on account of Taxes or any counterclaim. If (i) the Guarantor is required by law at any time to deduct or withhold any Relevant Taxes from any sum paid or payable by it under this Deed or (ii) Alcatel (or any person on its behalf) is required by law to make any payment of or in respect of any Relevant Tax (except on account of Tax on the overall net income of Alcatel or such person) on or calculated by reference to the amount of any sum received or receivable by it under this Deed (a) the Guarantor shall notify Alcatel of any such requirement or any change in such requirement as soon as the Guarantor becomes aware of it, (b) the Guarantor shall pay the required deduction, withholding or payment to the appropriate authority before the date on which penalties attach thereto, (c) the Guarantor shall pay such additional amount as is necessary to ensure that Alcatel receives on the due date and retains free from any liability (other than taxes on its overall net income) a sum equal to that which it would have received and so retained had no such deduction or withholding been required or made and (d) forthwith after the due date of any payment referred to in (b) above, the Guarantor shall deliver to the Company evidence satisfactory to Alcatel that such payment has been made (including all relevant Tax receipts if they are available).

For the purposes of this Clause 2.7, **Relevant Tax** means any Tax imposed by any authority of or within (i) Russia, (ii) any jurisdiction claiming the right to impose any Tax by virtue of any connection between the Guarantor and that jurisdiction, or (iii) any other jurisdiction from or through which any payment under this Deed is made and **Tax** includes any present or future tax, levy, impost, duty, charge, deduction or withholding of any nature, and any interest or penalty in respect thereof.

2.8 Release of Deed

Any release, settlement, discharge or arrangement between Alcatel and the Guarantor (a **Release**) shall be subject to the condition that if any payment or satisfaction made or security or guarantee given in relation to any sums guaranteed hereunder by a person other than the Guarantor (a **Relevant Transaction**) shall be avoided, reduced or invalidated by virtue of any applicable law or for any reason whatsoever, then such Release shall, to the extent of such avoidance, reduction or invalidation, be void and of no effect, and Alcatel may recover immediately the value or amount, or (as the case may be) the reduction in value or amount, thereof from the Guarantor as if such Release had not occurred.

2.9 Preservation of Guarantee

2.9.1 The obligations of the Guarantor hereunder shall not be affected by the bankruptcy or Dissolution of the Company or by any other act omission matter or thing which but for this provision might operate to release or otherwise exonerate the Guarantor from their respective obligations hereunder or affect such obligations.

2.9.2 The Guarantor hereby undertakes that it will not claim in any proceedings brought by Alcatel to enforce the Guarantor's obligations hereunder that the Company be made a party to the proceedings.

2.9.3 The Guarantor shall continue to be bound by this Deed whether or not that Guarantor is made a party to legal proceedings brought by Alcatel against the Company for the recovery of any monies which are guaranteed hereunder and whether or not the formalities under any statute or law whether existing or future in regard to the rights and obligations of sureties shall or shall not have been observed.

2.10 Exercise of Guarantor's Rights

The Guarantor represents and warrants that it has not taken or received any security from the Company or any other surety for or in respect of its obligations under this Deed. The Guarantor shall not take or receive any security from the Company or any other surety for or in respect of any of their obligations under this Deed. So long as any sum remains to be lent or remains payable under any Facility Document:

2.10.1 any right of the Guarantor, by reason of the performance of any of its obligations under this Deed, to be indemnified by the Company, to prove in respect of any liability in the Dissolution of the Company or to take the benefit of or enforce any security or other guarantee shall (and shall only) be exercised and enforced only in such manner and on such terms as Alcatel may require; and

2.10.2 any amount received or recovered by the Guarantor (a) as a result of any exercise of any such right or (b) in the Dissolution of the Company shall be held in trust for Alcatel and immediately paid to Alcatel.

2.11 No Right of Subrogation

Until all sums which are guaranteed hereunder have been discharged and satisfied in full the Guarantor shall not:

2.11.1 be subrogated to any rights of Alcatel arising in respect of the Facility Documents, or in respect of any proof in the Dissolution of the Company, or otherwise howsoever or

2.11.2 in respect of any moneys payable or paid under this Deed, seek to enforce repayment from the Company or any other surety, whether by subrogation, indemnity, contribution or otherwise, or to exercise any other right, claim or remedy of any kind which may accrue to it in respect of the amount so paid or payable or

2.11.3 claim payment of any other moneys for the time being due to it by the Company or any other surety on any account whatsoever, or exercise any other right, claim or remedy which it has in respect thereof provided that the Guarantor may claim such payments in respect of contracts made in the ordinary course of business of the Company to the extent that such claims do not and cannot reasonably be expected to restrict the Company from making payments due under the Facility Documents or

2.11.4 be entitled to any right of a surety (including any right of contribution from any other surety) discharging, in whole or in part, its liability in respect of the principal debt or

2.11.5 be entitled to have or exercise any right as a surety (including any right of contribution from any other surety) in competition with Alcatel or

2.11.6 claim any set-off or assert any counterclaim against the Company or any other surety in relation to any liability of the Guarantor to the Company or any other surety.

2.12 No Competing Proofs

Until all sums which are guaranteed hereunder have been discharged and satisfied in full, the Guarantor shall not in the event of the Dissolution of the Company or any other surety, claim or prove in competition with Alcatel, or accept any direct or indirect payment or distribution, in respect of any moneys owing to the Guarantor by the Company or any such other surety on account of this Deed whatsoever.

2.13 Currency

(a) All payments to be made under this Deed shall be made in EURO, and strictly in accordance with the Deferred Payment Agreement.

(b) The Guarantor may make a payment in Roubles to the K-type Account in Citibank T/O, Moscow, of a Non-Resident Bank (each as defined in the Indent 20 Deferred Payment Agreement) in respect of its obligations under this Deed. Notwithstanding the foregoing, the obligations of the Guarantor under this Deed will be discharged only to the extent that Alcatel actually receives (after any fees, commissions, expenses, conversion charges, costs and other amounts have been deducted (whether on account of banking services or otherwise)) into its account in Germany (to be notified by Alcatel to Guarantor) an amount in EUROs equal to the amount due by the Guarantor hereunder.

(c) If, under any applicable law, whether pursuant to a judgment against the Guarantor or the Dissolution of the Guarantor or for any other reason, any payment under or in connection with this Deed is made or falls to be satisfied in a currency (the Other Currency) other than the currency in which the relevant payment is expressed to be payable (the Required Currency), then, to the extent that the payment actually received by Alcatel (when converted into Required Currency at the rate of exchange on the date of payment or, if it is not practicable for Alcatel to make the conversion on that date, at the rate of exchange as soon afterwards as it is practicable to do so or, in the case of a Dissolution, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such Dissolution) falls short of the amount expressed to be due or payable under or in connection with this Deed, the Guarantor shall, as an original and independent obligation under this Deed, indemnify and hold Alcatel harmless against the amount of such shortfall. For the purpose of this Clause 2.13, rate of exchange means the rate at which Alcatel is able on the relevant date to purchase the Required Currency with the Other Currency and shall take into account any commission, premium and other costs of exchange and Taxes payable in connection with such purchase.

2.14 Default Interest

If the Guarantor fails to pay any sum payable by them under this Deed on the due date for payment, the Guarantor shall pay interest on such sum from time to time outstanding including the due date up to the date of actual payment (both before and after any judgment) at the rate applicable to that sum immediately prior to such date. Such interest shall be calculated and payable on the same basis as interest on delayed payments due and payable by the Company in accordance with inter alia article 7.2 of the Deferred Payment Agreement.

2.15 Communications

Any notice, request, demand or communication under or in connection with the matters contemplated by this Deed shall be sent by letter or fax to the Guarantor at:

Open joint stock company "Vimpel-Communications"

8 Marta Ulitsa 10, building 14

Moscow 125083, Russia

Fax No.: +7 095 214 0962

Attention The President

Communications will take effect, in the case of letters, when delivered, or in the case of fax when dispatched provided that the dispatch was between 9.30 a.m. and 5.30 p.m. (Moscow time) on a day (a business day) on which banks generally are open for banking business in the place of receipt of the relevant notice (excluding Saturdays, Sundays and public holidays) failing which it shall be deemed to have been received if despatched prior to 9.30 a.m. on a business day at the commencement of business on that business day and if despatched after 5.30 p.m. on a business day or at any time on a non-business day at the commencement of business on the next business day. Communications not by letter shall be confirmed by letter but failure to send or receive that letter shall not invalidate the original communication.

2.16 Remedies and Waivers

No delay or omission on the part of Alcatel in exercising any right, power or remedy provided by law or under this Deed shall impair such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy. The single or partial exercise by Alcatel of any right, power or remedy provided by law or under this Deed shall not preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies provided in this Deed are cumulative with, and not exclusive of, any rights, powers and remedies provided by law.

2.17 Invalidity

If at any time any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither:

2.17.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Deed nor

2.17.2 the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Deed, shall be affected or impaired.

2.18 Guarantor Default

Notwithstanding any payment (or attempt to make a payment) by the Company or the Guarantor to a K-type Account of a Non-Resident Bank (as defined in the Indent 20 Deferred Payment Agreement), and notwithstanding any other provision of this Deed or the Indent 20 Deferred Payment Agreement, the Guarantor shall ensure that Alcatel receives into its account in Germany an amount in EUROs that is sufficient to satisfy the obligations of the Company under the Indent 20 Deferred Payment Agreement. If, for whatever reason, Alcatel fails to receive into its account in Germany an amount in EUROs that is sufficient to satisfy the obligations of the Company under the Indent 20 Deferred Payment Agreement, such failure shall constitute a default by the Guarantor under this Deed.

2.19 Transfers

2.19.1 The Guarantor may not assign, transfer or novate any of its rights and/or obligations under this Deed.

2.19.2 Alcatel may, at any time, assign, transfer and/or novate all or any of its rights and/or obligations under this Deed.

3 Representations and Warranties

The Guarantor represents and warrants to and for the benefit of Alcatel as follows:

3.1 Powers

It has the power to enter into, exercise its rights and perform and comply with its obligations under this Deed.

3.2 Obligations Binding

Its obligations under this Deed are valid, binding and enforceable.

3.3 Authorisation and Consents

All action, conditions and things required to be taken, fulfilled and done in order:

3.3.1 to enable it lawfully to enter into, exercise its rights and perform and comply with its obligations under this Deed and to make payments under this Deed in EURO (and, as the case may be, in Roubles to the K-type Account described in Clause 2.13(b)) (other than, with respect to a payment in EURO, a permission of the Central Bank of the Russian Federation); and

3.3.2 to ensure that those obligations are valid, legally binding and enforceable

have been taken, fulfilled and done.

Upon the occurrence of an Event of Default (as defined in the Indent 20 Deferred Payment Agreement), at the request of Alcatel the Guarantor shall obtain a license, consent or other permission from the Central Bank of the Russian Federation to make payments in EUROs under this Deed.

3.4 Repetition

Each of the representations and warranties in Clauses 3.1 to 3.3 of this Deed will be correct and complied with in all material respects so long as any sum remains to be lent or remains payable under any Facility Document as if repeated then by reference to the then existing circumstances.

4 Confidentiality

4.1 All communications between the Guarantor, the Company, Alcatel and/or any of them and all information and other materials supplied to or received by any of them from the others which is either marked "confidential" or is by its nature intended to be for the knowledge of the recipient alone, and all information concerning the business transactions and the financial arrangements of the parties or the Company with any person with whom any of them is in a confidential relationship with regard to the matter in question coming to the knowledge of the recipient shall be kept confidential by the recipient unless or until the recipient party can reasonably demonstrate that any such communication, information and material is, or part of it is, in the public domain through no fault of its own, whereupon to the extent that it is in the public domain or is required to be disclosed by law or in pursuance of employment duties or to auditors or professional advisers, this obligation shall cease.

4.2 The Guarantor shall use all reasonable endeavours to procure the observance of the above-mentioned restrictions by the Company and shall take all reasonable steps to minimise the risk of disclosure of confidential information, by ensuring that only itself and such of its employees and directors whose duties will require them to possess any of such information shall have access thereto, and will be instructed to treat the same as confidential.

4.3 The obligation contained in this Clause 4 shall endure, even after the termination of this Deed, without limit in point of time except and until such confidential information enters the public domain as set out above.

4.4 Notwithstanding Clauses 4.1 to 4.3, the Guarantor and/or the Company and or Alcatel may at any time disclose any such information and communications to their subsidiaries or holding companies on a "need to know" basis.

5 EXPENSES AND STAMP DUTY

The Guarantor shall pay:

5.1 **Initial Expenses:** on demand, all costs and expenses (including Taxes thereon and legal fees) reasonably incurred by Alcatel in connection with the preparation, negotiation or entry this Deed and/or any amendment of, supplement to or waiver or consent in respect of this Deed requested by or on behalf of the Deed (whether or not entered into or given)

5.2 **Enforcement Expenses:** on demand, all costs and expenses (including taxes thereon and legal fees) incurred by Alcatel in the administration of, or by Alcatel in protecting or enforcing (or attempting to protect or enforce) any rights under this Deed and/or any such amendment, supplement, waiver or consent and

5.3 **Stamp Duty:** promptly, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Deed and/or any such amendment, supplement or waiver, and shall indemnify Alcatel against any liability with respect to or resulting from any delay in paying or omission to pay any such tax.

6 EVIDENCE

6.1 Loan Accounts

The entries made in the accounts maintained by Alcatel in accordance with its usual practice shall be *prima facie* evidence of the existence and amounts of the obligations of the Guarantor recorded in them.

6.2 Certificates

A certificate by Alcatel as to any sum payable to it under this Deed, and any other certificate, determination, notification or the like of Alcatel provided for in this Deed, shall be conclusive save for manifest error. Any such certificate as to any sum shall set out the basis of computation of that sum in reasonable detail but shall not be required to disclose any information reasonably considered to be confidential.

7 Counterparts

This Deed has been executed in 3 (three) counterparts in the English language. A Russian language version of this Deed may be prepared at a future time in which case 3 (three) counterparts in the Russian language shall then be concluded. In the event of conflict between the English language and Russian language versions the English language shall prevail. The Guarantor and Alcatel shall retain a signed counterpart in each language.

8 Governing Law

8.1 Governing Law

This Deed shall be governed by and construed in accordance with the laws of England.

8.2 Arbitration Clause

Any dispute which cannot be settled amicably shall be finally settled under the rules of Conciliation and Arbitration of the International Chamber of Commerce by three arbitrators, designated in accordance with the said rules. The award shall be finally binding on the Parties. The arbitration shall take place in Geneva in English.

In witness whereof this Deed Poll has been executed as a deed on the date stated at the beginning.

Open joint stock company “Vimpel-Communications”

Signed: _____

Name: _____

Signed: _____

Name (Chief Accountant): _____

Filename: d56093_ex4-49.htm
Type: EX-4.49
Comment/Description: Amendment to Deferred Payment Agreements
(this header is not part of the document)

Exhibit 4.49

February 15, 2002

Mr. Helmut Bast
General Manager, MND
Alcatel SEL AG
Lorenzstrasse l0 d-70435 Stuttgart, Germany

Dear Mr. Bast:

Reference is hereby made to the series of deferred payment agreements entered into under and in accordance with the Frame Contract for Supply and Installation and Associated Services for DCS-1800 Radiotelephone Communication Equipment, dated May 25, 1996, as amended, and the Frame Contract No. II for the Supply of Switching, Radio and other Telecommunications Equipment, dated May 19, 2000, as amended (collectively, the "***Frame Contracts")*** with respect to Indents 1, *2,* 5, 6, 7**,** 8, 9, 10, 11, 13, 14, 15 and 16, as listed on Appendix I to this letter (collectively, the "***Deferred Payment Agreements")***.

Capitalized terms used herein but not otherwise defined here are defined as set forth in the Deferred Payment Agreements:

In addition reference is made to the letter sent by Vimpelcom to Alcatel of even date herewith signed by Jo Lunder and Sergei Avdeev ("Cover Letter") which shall be an integral part of this letter.

The parties hereby agree to the following amendments to the Deferred Payment Agreements:

1. Article 12.9 of the Original Deferred Payment Agreement shall be amended to read as follows: "Other than permitted by Alcatel by written waiver, KBI shall not permit any future indebtedness for borrowed moneys, guarantee or other obligations of KBI which may materially adversely affect KBI's ability to perform its obligations hereunder. Should KBI prefer in order to avoid any doubt to make request for Alcatel's permission in respect to borrowings from VIMPELCOM, such permission shall be deemed to have been given by ALCATEL, if within 10 days of receipt by ALCATEL of a written request for such permission KBI has not received a written reply to its request."

2. Article 13.2.14(vii) of the Deferred Payment Agreements shall be amended to read as follows (so that it shall be an Event of Default if any resolution of the following is taken without Alcatel's approval): "the making by KBI of any material contract with a shareholder of KBI or an affiliated person of VIMPELCOM or any variation of such a contract, provided, however, that this clause shall not apply to service agreements between KBI and VIMPELCOM as defined in the Cover Letter (as defined in that certain letter dated January 22**,** 2002, from Vimpelcom and KBI to and acknowledged and agreed to by ALCATEL), concluded in the ordinary course of business. For the avoidance of doubt, this Article 13.2.14 (vii) of the Deferred Payment Agreements shall also not apply to agreements relating to Indebtedness permitted under Article 12.9 hereof, or any variations thereof".

3. Dividends by KBI to VimpelCom shall not be prohibited and shall not require Alcatel's consent, if they are paid in any year in an amount up to 80% of the net profit of KBI for the respective year; provided that this consent to pay dividends shall only apply as long as KBI or Vimpelcom are not in default according Section 13 of the Deferred Payment Agreements and any Guarantee given by Vimpelcom to Alcatel, respectively. Accordingly, the previous sentence shall be read as a consent of Alcatel for the payment of dividends by KBI to \/impelcom under the following clauses with the two restrictions mentioned in this clause: Article 13.2.15 (xvii) of the Original Deferred Payment Agreement and Articles 12.16 and 13.2.15 of the Phase II Deferred Payment Agreements.

For the avoidance of doubt, Alcatel acknowledges that the provisions of Article 12.9 of the Original Deferred Payment Agreement and Article 13.2.14(vii) of the Deferred Payment Agreements as amended by this letter shall apply to any outstanding loans from VimpelCom to KBI and any outstanding service agreements (as defined in the Cover Letter) between KBI and Vimpelcom.

We would appreciate it if you would counter-sign this letter acknowledging your consent and agreement to the foregoing.

Very truly yours,

PUBLIC JOINT STOCK COMPANY
"KB IMPULS"

/S/ Sergei Avdeev

Sergei Avdeev
General Director

/S/ Vladimir Bychenkov

Vladimir Bychenkov
Chief Accountant

Agreed and consented to based upon the representations mentioned above by ALCATEL SEL AG

/S/ Helmut Bast

Name: Helmut Bast
Title: General Director, Mobile Networks Division
Date:

/S/ Querner

Name: Querner
Title: Sales Director, Mobile Networks Division
Date:

DEFERRED PAYMENT AGREEMENTS

1. Deferred Payment Agreement, dated May 25, 1996, as amended **("Original Deferred Payment Agreement")**
2. Indent 5 Deferred Payment Agreement, dated August 23, 2000
3. Indent 6 Deferred Payment Agreement, dated September 7, 2000, as amended
4. Indent 7 Deferred Payment Agreement, dated December 26, 2000, as amended
5. Indent 8 Deferred Payment Agreement, dated February 15, 2001
6. Indent 9 Deferred Payment Agreement, dated May 9, 2001
7. Indent 10 Deferred Payment Agreement, dated June 22, 2001, as amended
8. Indent 11 Deferred Payment Agreement, dated July 20, 2001
9. Indent 13 Deferred Payment Agreement, dated November 5, 2001
10. Indent 14 Deferred Payment Agreement, dated November 12, 2001
11. Indent 15 Deferred Payment Agreement, dated January 8, 2002
12. Indent 16 Deferred Payment Agreement, dated January 8, 2002

Deferred Payment Agreements in clauses 2 through 12 above shall be collectively referred to as the *"**Phase II Deferred Payment Agreements**"*.

Exhibit 4.50

INDEMNIFICATION AGREEMENT

This Agreement is made and entered into by and between Open Joint Stock Company "Vimpel-Communications", an open joint stock company organized and existing under the laws of the Russian Federation, with its principal office located at Ulitsa 8-Marta, Dom 10, Building 14, Moscow, Russian Federation 127083 (the "Company"), and [_____] with his principal address at: [_____] (the "Indemnified Party"). For purposes of this Agreement, "Indemnified Party" shall include the individual's spouse, any legal entities controlled by such individual or his/her spouse and his/her heirs, successors and assigns.

Recitals

A. The Company is engaged in the provision of telecommunications and other services in the Russian Federation and the Commonwealth of Independent States.

B. The Indemnified Party currently serves in the Company as [_____,] and may also occupy any position in the Company's management, as well as in the management of the Company's affiliates and subsidiaries, and as such, may be subject to claims, actions, suits or proceedings arising out, or as a result of this service.

C. Due to the fact that (i) the provisions of the Civil Code of the Russian Federation and the Company's charter regarding the limitation of directors' and officers' liability and indemnification may be amended, modified or repealed, (ii) the Company may be unable to purchase or to continue to purchase and maintain adequate directors' and officers' liability insurance and (iii) there may be other substantial uncertainties associated with the provisions with respect to limiting the liability and indemnification of directors and officers as set forth in the Civil Code of the Russian Federation, the Company's charter or any applicable policy maintained by the Company for directors' and officers' liability insurance, the Indemnified Party does not regard the rights to limitation of liability and indemnification granted to him under the provisions of the Civil Code of the Russian Federation, the Company's charter and under directors' and officers' liability insurance as adequate to protect him against the risks associated with his service as a director and/or officer of the Company, and the Indemnified Party may be unwilling to continue to serve as a director and/or officer of the Company in the absence of the assurances provided to the Indemnified Party under this Agreement.

D. As an inducement to the Indemnified Party to continue to serve as a director and/or officer of the Company and/or its affiliates or subsidiaries, the Company has agreed to indemnify the Indemnified Party against expenses and costs incurred by the Indemnified Party in connection with any claims, suits or proceedings arising out of or as a result of the Indemnified Party's service as a director and/or officer, except as set forth herein.

E. Therefore, in order to induce the Indemnified Party to continue to (i) serve as a director and/or as an officer of the Company and/or its affiliates or subsidiaries for the current term and for any subsequent term to which he is elected or appointed, and (ii) perform his duties and responsibilities in accordance with his best judgment, without undue concern over potential claims of personal liability, the Company agrees with the Indemnified Party as follows:

Section 1. Definitions.

A. "*Expenses*" shall mean any and all expenses, including, but not limited to, attorneys' fees, any and all costs, travel expenses, fees to experts, duties, witness fees, procedural fees, telephone charges, postage and delivery service fees, payment for other related services, expenses, losses, taxes (including, but not limited to, value added tax), except such taxes as described in Section 3(C) of this Agreement, all kinds of fines, judgments or amounts paid in settlement (including through peaceful agreement), all interest and accruals and other expenses that are incurred by the Indemnified Party in connection with preparation for any defense, witness, investigation and participation in or in connection with any Action (as defined herein).

It is expressly clarified that with respect to any taxes or fees paid, due or withheld in accordance with any applicable legislation for sums paid to the Indemnified Party under any provision of this Agreement, such sums are to be increased to such amount that will allow the Indemnified Party to receive the full amount due to him after all appropriate deductions are made and taxes and fees are paid.

B. "*Action*" shall mean any threatened, pending or completed claim, action, suit or proceedings, or alternative ways of settlement of disputes, whether civil, criminal, administrative, labor or investigative, and irrespective of on whose behalf such action is undertaken, or any inquiry, hearings or investigations leading to them, that arise by reason of the fact that the Indemnified Party is, was or will be a director and/or officer (member of the executive management body) of (i) the Company, (ii) an affiliate or subsidiary of the Company or (iii) at the request of the Company, another corporation, partnership, joint venture, trust or other enterprise or arise in connection with any action or absence of action undertaken in favor of the Company, even if the Indemnified Party committed acts while not serving as a director and/or officer (member of the executive management body) of the Company or one of its affiliates or subsidiaries.

The present Agreement will cover all the positions mentioned in this section, whether such positions are mentioned in the "Recitals" section of the present Agreement or not, and whether such persons served, serve, or will serve as an Indemnified Party.

In particular, the present Agreement will cover the relationship of the Parties which arose before the effective date of the present Agreement (since the date of the first election/appointment of the Indemnified Party to the position which is covered by the Agreement).

It is expressly clarified that the present Agreement will cover all possible Actions which may arise in any jurisdiction (including, but not limited to, the Russian Federation).

Section 2. Limitation of Liability.

In accordance with Articles 53(3) and 15(1) of the Civil Code of the Russian Federation, the parties have agreed that the Company, represented by any of its managing bodies or in any other manner, will not take any Action against the Indemnified Party, and the Indemnified Party shall in no instance be obliged to compensate the Company for any losses caused by it. The present provision does not apply to losses which arise solely as a result of actions of the Indemnified Party as set forth in Section 3(B) of this Agreement.

Section 3. Indemnity.

Along with other liabilities under the present Agreement, the Company shall hold the Indemnified Party harmless against any and all Expenses caused by any Action against the Indemnified Party or his property and immediately reimburse or compensate the Indemnified Party for such Expenses, except for the following:

A. Expenses for which the Indemnified Party has already been indemnified pursuant to any directors' and officers' insurance policy maintained by the Company. It is hereby agreed that the indemnity provided in this Agreement is supplemental to any directors' and officers' insurance policy. However, if the Indemnified Party (or the Company acting on behalf and in the interests of the Indemnified Party) fails to obtain such indemnification within a reasonable time frame, despite all reasonable efforts by the Indemnified Party, the Indemnified Party shall be entitled to obtain complete indemnification from the Company, notwithstanding the existence of any directors' and officers' insurance policy.

B. Expenses paid in connection with an Action, if it shall be determined by a final judgment or adjudication (which is not reversible or contestable) that an Indemnified Party has committed an intentional act of misconduct or intentional breach of legal duties which caused harm to the Company.

C. Any income taxes, or any interest, penalties or fines connected with such taxes, in respect of compensation received for services as a director or officer.

This Section 3 does not limit the right of the Indemnified Party to receive advance payments, whether or not any of the circumstances mentioned in subsections (A), (B) or (C) of this Section are the basis for the Action.

Section 4. Continuation of Indemnity.

All agreements and obligations of the Parties contained herein shall continue during the period that the Indemnified Party is a director or employee of the Company or one of its affiliates or subsidiaries, or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, and shall continue thereafter so long as the Indemnified Party shall be subject to any possible claim or threatened, pending or completed Action by reason of the fact that the Indemnified Party was a director or officer of the Company or serving in any other capacity referred to herein.

Section 5. Notification to Company.

The Company shall perform its obligations under this Agreement as soon as practicable following the receipt of a written demand for performance from the Indemnified Party, and the Indemnified Party may at any time bring a claim against the Company if the Company, or any agent acting on its behalf, fails to perform the Company's obligations under this Agreement within thirty (30) days after receipt of such demand, to (i) recover any unpaid amount of a claim or request for Expenses, (ii) cause the Company to fulfill its obligations under this Agreement or (iii) obtain indemnification for losses of the Indemnified Party that have been caused by the Company's violation of its obligations under this Agreement. If the Indemnified Party is successful in whole or part in any such claim against the Company, the Indemnified Party shall be entitled to be paid the Expenses of prosecuting such claim.

If a claim by an Indemnified Party against the Company is brought to enforce this Agreement, on a showing by the Indemnified Party that an Action has been asserted against him, there shall be a presumption that the Indemnified Party is entitled to indemnification and advancement of Expenses from the Company. The Company shall have the burden to prove beyond a reasonable doubt that the Indemnified Party is not entitled to indemnification or advancement of Expenses.

Section 6. Control of Defense.

A. If an Action is made or threatened against the Indemnified Party that may give rise to a right to indemnification under Section 3 of this Agreement, or a right to advancement of Expenses under Section 7 of this Agreement, and provided that the Action is not made in the name or on behalf of the Company and there is no other conflict of interest between the Company and the Indemnified Party with respect to the Action that prevents the Company from implementing a defense of the Indemnified Party, then:

(1) The Company shall have the right to participate at its own cost and expense in the investigation, defense, or other contest of the claim or any other actions, caused by the Action; and

(2) The Company shall have the right to assume the defense of the Action with counsel which has been approved by Indemnified Party on behalf of the Indemnified Party (and, if applicable, jointly with any third party who may have an obligation or right to hold harmless or indemnify the Indemnified Party for the expenses caused by the Action). Upon the Indemnified Party's written demand, the Company shall be obliged to arrange for the defense of the Indemnified Party from Actions of third parties, undertaking all necessary measures of effectiveness and care concerning the Indemnified Party's interests.

B. Whether or not a conflict of interest of the type described in Section 6(A) exists, the Indemnified Party shall have the right to employ his own legal counsel in any such Action that may give rise to a right of indemnification under this Agreement. Under such circumstances, the Expenses of such counsel shall be paid by the Company.

C. If the Company should elect or is obliged to assume the defense of an Action on behalf of the Indemnified Party, as provided in Section 6(A), then the Company shall:

(1) give the Indemnified Party the prompt written notice of such decision;

(2) be obliged to defend the Action in good faith and in a manner consistent with the best interests of the Indemnified Party;

(3) provide the Indemnified Party with copies of all relevant documentation related to such Action;

(4) consult with the Indemnified Party on a regular basis regarding the Action;

(5) inform the Indemnified Party on a regular basis as to the status and progress of the Action; and

(6) not settle or compromise the Action on any basis or in any manner that would impose any liability or obligation or restriction of any kind on the Indemnified Party without the Indemnified Party's or its authorized representative's express written consent.

D. The provisions of this Section 6 shall be applied taking into account the rights of the insurers with which the Company insured the liability of the Indemnified Party.

E. At all times, the provisions of this Agreement on advancement of Expenses shall remain effective in all the aforementioned situations.

Section 7. Advancement of Expenses.

Within 10 days of receipt of a written request to the Company from the Indemnified Party, the Company shall advance the Indemnified Party an amount of money sufficient to cover Expenses in advance of the final disposition of such Expenses, on receipt of:

(1) a written description of the circumstances that have given rise to the Indemnified Party's exercise of its indemnification rights under this Agreement;

(2) a written undertaking by or on behalf of the Indemnified Party to repay such amount(s) if it shall be determined by final judgment or adjudication (which is not reversible or contestable) that the Indemnified Party is not entitled to be indemnified by the Company under this Agreement; and

(3) satisfactory evidence or a reasonable estimate as to the amount of such Expenses.

In the event of a return of an advancement of Expenses by the Indemnified Party to the Company, the Indemnified Party shall not be required to pay interest for any advancement.

The advancement also includes Expenses incurred during the period commencing from the time when the Indemnified Party is obliged to pay to the claimants any amounts on the Action undertaken against him and the time of actual receipt by the Indemnified Party of proceeds of the directors' and officers' liability insurance or other policy procured by the Company, if any.

Section 8. Directors' and Officers' Liability Insurance.

A. The Company shall use its best efforts to provide the Indemnified Party with insurance coverage that is adequate for the Indemnified Party in light of the value of the Company's assets, the Indemnified Party's potential exposure to liability and any other relevant considerations.

B. The Indemnified Party is obliged to cooperate with the Company in order to effectively and promptly obtain indemnification from the Company's insurance company.

C. The provision of directors' and officers' insurance, or the failure to so provide directors' and officers' insurance or to obtain insurance indemnification, shall in no way limit or diminish the obligation of the Company to indemnify the Indemnified Party as provided in this Agreement.

D. If the Company has advanced Expenses to the Indemnified Party that also are covered by the Company's insurance policy, the Indemnified Party shall provide the Company with (a) a power of attorney in favor of the Company and (b) any other documents that enable the Company to receive sums paid by the insurer as reimbursement for such advanced Expenses. The Indemnified Party shall be obliged to remit to the Company Expenses the Indemnified Party receives from the insurer that the Company has previously advanced to the Indemnified Party.

E. The Company shall organize, at its own expense, the receipt of the insurance reimbursement from the insurance company, undertaking all possible effective measures and care in the interests of the Indemnified Party as set forth in the first written request of the Indemnified Party.

F. It is expressly stated that this Agreement includes all Actions insured by liability insurance and the Company shall be responsible for any Expenses related to the procurement of directors' and officers' insurance that insures the Indemnified Party. Should the Company fail to obtain such insurance, it shall be obliged to reimburse the Indemnified Party for any reasonable Expenses should the Indemnified Party procure (or attempt to procure) its own directors' and officers' insurance.

Section 9. Change in Control.

If there has been a "change in control" of the Company of the type required to be reported under Item 1 of Form 8-K promulgated under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is a reporting company under Section 13 or 15(d) of the Exchange Act, any determination as to entitlement of indemnification for violation of the United States Securities Act of 1933, as amended, or the Exchange Act shall be made by independent legal counsel selected by the Indemnified Party and approved by the Company, which approval shall not be unreasonably withheld.

Section 10. Non-Exclusivity.

The indemnification rights granted to the Indemnified Party under this Agreement shall not be deemed exclusive of, or in limitation of, any rights to which the Indemnified Party may be entitled under applicable law, the Company's charter or other internal documents of the Company, shareholder decisions, insurance policy, determination by the Company's Board of Directors or otherwise.

Section 11. Successors and Authorized Representatives.

The rights granted hereunder to the Indemnified Party will act in favor of Indemnified Party, its heirs, successors, executors, other beneficiaries and legal representatives, and this Agreement shall bind the Company and its successors.

Section 12. Severability.

In the event that any provision of this Agreement is or becomes invalid under applicable law, such provision shall be interpreted in such manner as to the maximum extent permitted by applicable law to correspond to the tenor of the invalid provision, and all other provisions shall remain in full force and effect.

When possible, each provision of the present Agreement shall be interpreted in such a way as to be effective under applicable law.

Section 13. Applicable Law; Arbitration.

This Agreement shall be governed by the laws of the Russian Federation. Any and all disputes and controversies arising under, relating to or in connection with this Agreement shall be settled by arbitration by a panel of one (1) arbitrator under the United Nations Commission on International Trade Law Arbitration Rules in force (the "UNCITRAL Rules") in accordance with the following terms and conditions:

(i) In the event of any conflict between the UNCITRAL Rules and the provisions of this Agreement, the provisions of this Agreement shall prevail;

(ii) Either party to this Agreement may refer a matter to arbitration by written notice to the other party;

(iii) The place of the arbitration shall be Stockholm, Sweden;

(iv) The appointing authority shall be the Arbitration Institute of the Sweden Chamber of Commerce, Stockholm;

(v) The English language shall be used as the written and spoken language for the arbitration and all matters connected with all references to arbitration;

(vi) The decision of the arbitrator shall be in writing;

(vii) The decision of the arbitrator shall be final and binding on the parties to this Agreement, save in the event of fraud, manifest mistake or failure by the arbitrator to disclose any conflict of interest; and

(viii) The decision of the arbitrator may be enforced by any court of competent jurisdiction and may be executed against the person and assets of the losing party in any jurisdiction.

In the event any dispute is submitted to arbitration, and if so awarded by the arbitrator, the Company shall pay the Indemnified Party the costs and expenses that the Indemnified Party incurs in enforcing its rights. Except as so awarded, each party shall bear its own costs and expenses of enforcing its rights to arbitrate under this Section 13.

Section 14. Address.

Any notification, demand or other communication to the Company under this Agreement should be addressed to Ulitsa 8-Marta, Dom 10, Building 14, Moscow, Russian Federation 127083, to the attention of the President and Chief Executive Officer, and as for the Indemnified Party, at the address indicated in the present Agreement, in the case there is no other address indicated by the parties in writing.

IN WITNESS WHEREOF, each party to this Agreement has caused it to be executed in Moscow on this [__] day of [_____] 200__.

[_____]
Name: [_____]

OPEN JOINT STOCK COMPANY
"VIMPEL-COMMUNICATIONS"

_____
Name:
Title: General Director and Chief Executive Officer

Filename: d56093_ex4-536.htm
Type: EX-4.35.6
Comment/Description: Amendment Agreement No. 6
(this header is not part of the document)

Exhibit 4.53.6

AMENDMENT AGREEMENT NO. 6
TO NON-REVOLVING CREDIT FACILITY
AGREEMENT NO. 9063 DATED APRIL 28, 2000

Moscow August 6, 2002

Sberegatelny Bank of the Russian Federation, a joint-stock commercial bank (an open joint-stock company), hereinafter referred to as the "Creditor", in the person of its Deputy Chairman of the Management Board, Ms. Tatiana K. Artemova, acting on the basis of the Charter of Sberegatelny Bank and Circular # 1547-K of July 26, 2002, on the one hand,

and

Vimpel-Communications, an open joint-stock company, hereinafter referred to as the "Borrower", in the person of its General Director, Mr. Jo Olav Lunder, acting on the basis of the Charter, on the other hand, hereinafter collectively referred to as the "Parties",

have made this Amendment Agreement No. 6 (the "Amendment") to Non-revolving Credit Facility Agreement No. 9063 of April 28, 2000 (the "Agreement") on the following:

1. To amend clause 5.1.2 of the Agreement to read as follows:

"5.1.2. Unilaterally reduce the interest rate under the Agreement including the situation where the Central Bank of the Russian Federation decides to reduce its refinancing rate and notify the Borrower accordingly without documenting such amendment in the form of additional agreement. If the Creditor unilaterally reduces the interest rate, such amendment shall become effective on the date the Borrower receives the notice thereof unless the notice states the other effective date.

The Borrower shall be notified of any change in the interest rate subject to the procedure specified in Clause 8.3. of the Agreement."

2. To amend clauses 6.2.9 of the Agreement to read as follows:

"6.2.9 Within three calendar months from the date hereof, the Borrower shall reach, and during the term hereof, maintain the credit turnover at Borrower's settlement accounts with the Creditor (including turnover at the Borrower's settlement accounts with the Moscow Bank of the Sberegatelny Bank of Russia), at the level of at least sixty (60) per cent of the aggregate credit turnover of the Borrower at all settlement accounts with credit institutions, during each calendar quarter, excluding the credit turnover comprised of advances made, issuance proceeds, equity conversion, equity transfers, loans and investments raised or repayment of outstanding loans. If at the last date of a calendar quarter the indebtedness of the Borrower to the Creditor hereunder is less than the credit facility amount set out in Clause 1.1 hereof, the credit turnover may be reduced in direct proportion to the unused portion of the credit facility. (For example, if the Borrower used the credit facility for thirty five million (35,000,000) US Dollars, the credit turnover may be 26.25 (twenty six and 25/100) percent of the Borrower's credit turnover in all its accounts with credit institutions)."

3. All other clauses of the Agreement not amended or restated herein, shall have full force and effect.

4. This Amendment shall become effective when signed by the Parties and shall constitute an inalienable part of the Agreement.

5. This Amendment is made in three counterparts, each has equal legal force, two copies for the Creditor and one for the Borrower.

Location and Bank Details of the Parties

Creditor
19 Vavilova str., Moscow, 117997, tel.: 957-5397, fax. 957-5561
For currency payments: Bank of New York, acc.No. 8900057610,
Acc. No. 30301840400000100014
For ruble payments: acc. No. 30301810100000100014
Corr. acc. No. 30101810400000000225 with OPERU of Moscow GTU of the Bank of Russia BIC 044525225, INN 770708389(3)

Borrower
10 8 Marta street, bldg. 14, Moscow, Russia, 125083
tel. 212-1435, 212-0512, fax. 212-1435
INN 7713076301
For currency payments: acc. No. 40702840600020106393 with OPERU of CB RF
For ruble payments: acc. No. 40702810300020106393 with OPERU of CB RF
Corr. acc. No. 30101810400000000225 with OPERU of the Moscow GTU of the Bank of Russia, BIC 044525225

Signatures of the Parties

Creditor
Deputy Chairman
of the Management Board
of the Sberegatelny Bank of Russia

SIGNED

T.K. Artemova

/seal/

Borrower
President and CEO
of OAO Vimpel-Communications

SIGNED

J.O. Lunder

/seal/

Filename: d56093_ex4-54.htm
Type: EX-4.54
Comment/Description: Non-Revolving Credit Facility Agreement
(this header is not part of the document)

Exhibit 4.54

NON-REVOLVING CREDIT FACILITY
AGREEMENT NO. 9152

Moscow December 17, 2002

Sberegatelny Bank of the Russian Federation, a joint-stock commercial bank (an open joint-stock company), hereinafter referred to as the "Creditor", in the person of its First Deputy Chairman of the Management Board, Ms. Alla K. Alyoshkina, acting on the basis of the Charter of the Cberbank of Russia, on the one hand,

and

VimpelCom-Region, an open joint-stock company, hereinafter referred to as the "Borrower", in the person of its General Director, Mr. Alexei Mikhailovich Mischenko, acting on the basis of the Charter, on the other hand,

hereinafter collectively referred to as the "Parties", have made this agreement (the "Agreement") on the following:

Article 1. Subject of the Agreement

1.1 The Creditor agrees to open for the Borrower a non-revolving credit facility in the amount of up to US$ 70,000,000 (Seventy Million) for the purposes of financing expenses in connection with the regional development program for the period through August 27, 2007 with an interest rate of 13% (Thirteen percent) per annum, and the Borrower agrees to repay the loan and pay the interest to the Creditor in the amount and on the terms and conditions hereof.

Article 2. Terms and Conditions of the Loan

2.1 The Creditor shall open to the Borrower a loan account No. 45208840200140029152.

2.2 The Borrower shall pay a facility fee in the amount of 0.3% (three tenth percent) of the credit facility limit which amounts to US$ 210,000 (Two Hundred Ten Thousand US Dollars) due and payable in rubles at the rate of the Bank of Russia as of the payment date. Such amount is to be paid up-front by the Borrower to the Creditor within 8 (eight) business days after the execution hereof by the Parties.

2.3 The loan shall be made available to the Borrower after:

2.3.1 The Creditor is provided with the documents confirming the purposes for which the loan is to be used, in the form satisfactory to the Creditor, including copies of contracts (or extracts from contracts) and/or acceptance acts and/or proforma invoices and other documents requested by the Creditor. Forms of the documents confirming the intended use of the loan shall be deemed satisfactory to the Creditor unless the Creditor notifies the Borrower otherwise in writing within 5 (five) business days after the Borrower has furnished such documents;

2.3.2 Execution and provision to the Creditor of the agreements to the bank account agreements which provide that the Creditor has the right to debit without acceptance the settlement and current currency accounts of the Borrower No. 40702810800020106152 and No. 40702840100020106152 with OPERU of Sberbank of Russia.

2.3.3 The facility fee specified in Clause 2.2 above is paid;

2.3.4 Execution of the pledge agreements specified in clauses 6.2.4.2-6.2.4.4 hereof.

2.3.5 Execution by the Open Joint-Stock Company Vimpel-Communications (located at: Ul. 8 Marta, 10, bldg. 14, 127083 Moscow, Russia) (the "Guarantor") of the guarantee agreement with the Creditor pursuant to clause 6.2.4.1 hereof under which the Guarantor's liability under the Borrower's obligations hereunder will be limited by US$ 36,000,000 (Thirty-six Million).

2.3.6 Execution and provision to the Creditor of agreements to the bank account agreements providing for the Creditor's right to debit without acceptance the settlement account of the Guarantor No. 40702810138180121008 with Vernadsky OSB # 7970 of Sberbank of Russia.

2.3.7 Execution of the pledge agreement and registration of the pledge of promissory notes specified in clause 5.2.4 hereof with a pledge value of at least 448,000,000 (Four Hundred Forty-eight Million) Rubles.

2.3.8 Execution of the pledge of equipment agreement specified in clause 6.2.4.5 hereof and/or execution of the pledge agreement and registration of the pledge of promissory notes specified in clause 5.2.5 hereof. The aggregate pledge value of collateral provided hereunder shall be at least 608,000,000 (Six Hundred Eight Million) Rubles.

2.3.9 Execution of the pledge of equipment agreement specified in clause 6.2.4.5 hereof and/or execution of the pledge agreement and registration of the pledge of promissory notes specified in clause 5.2.5 hereof. The aggregate pledge value of the collateral provided hereunder shall be at least 1,043,168,000 (One Billion Forty-three Million One Hundred Sixty-eight Thousand) Rubles, including the value of the collateral provided in accordance with clause 2.3.8 hereof.

2.3.10 Execution of the pledge agreement and registration of the pledge of promissory notes specified in clause 6.2.4.6 hereof with a pledge value of at least 476,800,000 (Four Hundred Seventy-six Thirty-five Million Eight Hundred Thousand) Rubles.

2.3.11 Execution of the pledge agreement and registration of the pledge of promissory notes specified in clause 6.2.4.6 hereof with a pledge value of at least 768,000,000 (Seven Hundred Sixty-eight Million) Rubles, including the promissory notes pledged in accordance with clause 2.3.10 hereof.

2.3.12 Execution of the pledge agreement in respect of part of the equipment specified in clause 6.2.4.5 hereof with a pledge value of at least Ruble equivalent of US$ 19,000,000 (Nineteen Million), as of the execution date of the pledge agreement/agreements, including the equipment pledged in accordance with clause 2.3.9 hereof.

2.3.13 Performance of conditions specified in clause 6.2.7 hereof.

2.4 The loan shall be disbursed by way of transfer of the funds to the current currency account of the Borrower No. 40702840100020106152 with OPERU of Sberbank of Russia on the basis of payment orders of the Borrower.

The loan shall be disbursed provided no interest payments or other payments hereunder and any other credit agreement (non-revolving credit facility agreements) made or to be made between the Creditor and the Borrower are overdue.

2.5 The Borrower shall pay to the Creditor the interest at the rate of 13% (Thirteen percent) per annum.

2.6 The interest shall be payable on the basis of the actual number of days during which the loan remains outstanding on a monthly basis on the 27th (twenty-seventh) day of each calendar month and on the final repayment date on August 27, 2007.

2.7 Any advance under the facility shall be made to the extent of the available limit of the credit facility established in clause 1.1 hereof in accordance with the following schedule:

No. of Tranche	Availability Period	Amount, US Dollars
1.	From the execution date of the Agreement to December 31, 2002	50,000,000
2.	From January 1, 2003 to April 1, 2003	20,000,000

Repayment of any part of the loan shall not increase the available balance of the credit facility.

Advances under the open tranche shall be made after full use of the tranches opened earlier hereunder.

The first tranche shall be disbursed if the conditions specified in clauses 2.3.1-2.3.6, 2.3.8, 2.3.10, 2.3.13 hereof are met.

The second tranche shall be disbursed if the conditions specified in clauses 2.3.1-2.3.13 hereof are met.

2.8 The Borrower shall pay the commitment fee in the amount of 0.5 (five tenth percent) per annum payable in Russian Rubles at the rate of the Bank of Russia as of the payment date. The commitment fee shall accrue on the undisbursed amounts of the tranche for the period starting from the first drawdown date (excluding such date) determined in clause 2.7 hereof to the last disbursement date (including such date) determined in clause 2.7 hereof.

2.9 Commitment fee shall be payable on a monthly basis on the 27th (twenty-seventh) day of each calendar month and on April 1, 2003.

2.10 The Borrower shall have the right to use the loan amount after the advance dates established in clause 2.7 hereof but not later than the date established in clause 2.12 hereof.

The Borrower shall pay to the Creditor for such right the availability fee in Rubles at the rate of the Bank of Russia as of the payment date in the amount of 0.75 (point seventy-five) percent per annum of the amount undisbursed during the tranche period starting from the final drawdown date established in clause 2.7 hereof, excluding such date, to the date of the actual drawdown, including the same.

2.11 Availability fee shall be payable on a monthly basis on the 27th (twenty-seventh) day of each calendar month and on the final availability date on April 1, 2003.

2.12 The loan is available for disbursement through April 01, 2003. If on or before April 01, 2003 the credit facility is not used by the Borrower in full, the available balance of the credit facility shall be cancelled.

2.13 The loan shall be repaid in accordance with the following schedule:

No.	Repayment Date	Payment in percentage of the outstanding loan as of the final availability date (April 01, 2003)
1.	November 27, 2004	5%
2.	February 27, 2005	5%
3.	May 27, 2005	5%
4.	August 27, 2005	5%
5.	November 27, 2005	5%
6.	February 27, 2006	10%
7.	May 27, 2006	10%
8.	August 27, 2006	11%
9.	November 27, 2006	11%
10.	February 27, 2007	11%
11.	May 27, 2007	11%
12.	August 27, 2007	11%

2.14 If upon the expiration of the availability period specified in clause 2.12 hereof the outstanding principal amount hereunder payable by the Borrower does not exceed US$ 50,000,000 (Fifty Million) the Parties will reach an additional agreement on the timing and procedures for disbursing the second tranche and provision of security specified in clauses 6.2.4.1 and 6.2.4.5 hereof.

2.15 If the Borrower fails to perform the obligations set forth in clauses 6.2.4.1 and 6.2.4.5 of the Agreement, the Borrower shall by August 1, 2003, repay the portion of the credit which is in excess of the first tranche set forth in clause 2.7 hereof, and pay the relevant commitment fee accrued as at the date of actual repayment.

The Borrower shall pay to the Creditor the early repayment fee in the amount of 0.25% (twenty-five hundredth) per cent of the portion of the loan repaid hereunder. The Borrower shall pay the early repayment fee not later than August 1, 2003, together with the early repayment of the principal due under the Agreement. Such fee shall be payable in Russian Rubles at the exchange rate established by the Bank of Russia as of the actual payment date.

As soon as such portion of the loan is repaid, the promissory notes referred to in clause 5.2.4, and the equipment referred to in clause 6.2.4.5 of the Agreement the pledge value of which exceeds the Ruble equivalent of US$ 19,000,000.00 (Nineteen Million) at the exchange rate established by the Bank of Russia as of the date of the relevant agreement, shall be released from pledge.

Article 3. Liability of the Parties

3.1 The Parties shall be liable for failure to perform or to duly perform their obligations hereunder in accordance with the applicable laws of the Russian Federation.

3.2 If the Borrower fails to timely make a payment under the loan, pay the interest, or pay the facility fee, commitment fee, availability fee, or the early repayment fee, the Borrower shall pay to the Creditor a penalty in the amount of 0.1% (one tenth percent) of the amount overdue for each day of delay in performance of the obligations starting from the date following the date on which a relevant obligation became due and payable hereunder.

The penalty for failure to timely effect the repayment of the loan or an interest payment shall be paid by the Borrower in US Dollars.

The penalty for failure to timely pay the facility fee, commitment fee, availability fee, or the early repayment fee shall be paid by the Borrower in Rubles at the official foreign currency rate established by the Bank of Russia as of the actual payment date.

Article 4. Settlement and Payment Terms

4.1 The loan shall be repaid and the interest and other payments hereunder shall be paid on the basis of the Borrower's payment orders from its current currency account No. 40702840100020106152 with OPERU of Sberbank of Russia, and from other settlement currency and current accounts of the Borrower.

The payment orders shall separately specify the amounts of principal, interest, the commitment fee, the facility fee, the availability fee, the early repayment fee and penalties.

4.2 The date of drawdown from the Borrower's loan account No. 45208840200140029152 shall be the date of the loan.

4.3 The date of repayment of the loan, payment of interest, penalty for failure to timely repay the loan and to timely pay the interest shall be the date on which the current currency account of the Borrower with the Creditor is debited or the date on which the funds are received at the correspondent account of the Creditor.

The date of payment by the Borrower of the facility fee, commitment fee, availability fee, or the early repayment fee and other payments hereunder shall be the date on which the current account of the Borrower with the Creditor is debited or the date on which the funds are received at the correspondent account of the Creditor.

4.4 The interest on the loan shall accrue from the date on which the indebtedness first becomes outstanding under the loan account (but excluding such date) until the date on which the loan is repaid (including such date), and in case there is a delay in repayment – until the repayment date set forth herein (including such date).

Availability fee and commitment fee shall accrue pursuant to clause 2.8 and 2.10 hereof.

4.5 The interest and the availability fee, the commitment fee and penalties shall be calculated on the basis of the actual number of calendar days within a month and a year.

4.6 The amounts received as repayment of the debt hereunder, including by way of debit without acceptance from the Borrower's accounts and transferred by third parties, including guarantors, shall be applied, regardless of the purpose of the payment specified in the payment documents, in the following order of priority:

1) to pay the penalties for failure to perform hereunder;
2) to pay the overdue commitment fee;
3) to pay the overdue availability fee;
4) to pay the overdue interest;
5) to pay the overdue early repayment fee;
6) to pay the commitment fee due;
7) to pay the availability fee due;
8) to pay the interest due;
9) to pay the early repayment fee due;
10) to repay the overdue principal under the loan;
11) to repay the principal due under the loan.

4.7 Repayment of the principal, payment of interest due and penalty for failure to timely repay the principal or to timely pay the interest in cash in Rubles received hereunder, including by way of debit by the Creditor without acceptance of the Borrower's accounts, and those transferred by third parties, including guarantors, shall be made at the rate of sale of non-cash currency established by the Creditor as of the date of crediting of the correspondent account of the Creditor.

4.8 Payments effected by the Borrower as prepayment of the loan shall be applied to the nearest repayments of the loan established in clause 2.13 hereof pursuant to the order of priority of payments established in clause 4.6 hereof.

Article 5. Rights of the Parties

5.1. The Creditor shall have the right to:

5.1.1 Unilaterally raise the interest rate under the Agreement and notify the Borrower accordingly without documenting such amendment in the form of additional agreement should any of the events listed below occur:

(a) increase of the rate applicable to the term deposit for natural persons with OPERU of Sberbank of Russia for 90 (ninety) to 93 (ninety-three) calendar days;

(b) the Central Bank of the Russian Federation makes a decision to increase the amount of the mandatory reserves of the credit institutions deposited with the Bank of Russia by more than 20% (twenty percent) over the values set as at the date of the Agreement, or as at the effective date of the latest change in the interest rate made in accordance herewith, both as a single increase or on accumulated basis;

(c) the Bank of Russia decides to raise the refinancing rate of the Bank of Russia by more than 20% (twenty percent) over the values set as at the date of the Agreement, or as at the effective date of the latest change in the interest rate made in accordance herewith, both as a single increase or on accumulated basis;

(d) the Government of the Russian Federation, its agencies or the Bank of Russia take measures altering significantly the position of the Parties hereunder;

(e) amendment of the tax laws results in significant deterioration of the Creditor's position.

The Borrower shall be notified of any change in the interest rate subject to the procedure specified in Clause 8.3. of the Agreement.

Should the Creditor raise the interest rate unilaterally, such change shall become effective on expiration of 30 calendar days from the date the Creditor gives notice to the Borrower, unless such notice specifies a later date for such change to come into effect.

The new interest rate set forth by the Creditor unilaterally shall not exceed the interest rate which was previously in effect hereunder by more than 1.3 (one and three tenth) times for a period of 150 (one hundred fifty) days from the date the Creditor gives notice to the Borrower of any change in the interest rate.

5.1.2 Unilaterally reduce the interest rate under the Agreement, including if the Bank of Russia decides to reduce the refinancing rate of the Bank of Russia and notify the Borrower accordingly without documenting such amendment in the form of additional agreement. Should the Creditor reduce the interest rate unilaterally, such change shall become effective as of the date the Borrower receives the relevant notice, unless such notice specifies a later date for such change to come into effect.

The Borrower shall be notified of any change in the interest rate subject to the procedure specified in Clause 8.3. of the Agreement.

5.1.3 Request that the Borrower submit to the Creditor the information and documents evidencing application of the loan for the designated purpose.

5.1.4 Should any payment under the loan and/or interest and/or other payments under the Agreement become overdue, debit the relevant amounts without acceptance upon crediting of the Borrower's accounts with the Creditor for the purpose of repaying the overdue amounts and penalty.

The Creditor shall inform the Borrower in writing of any such debit without acceptance subject to the procedure specified in Clause 8.3 of the Agreement.

5.1.5 Should the funds maintained on the Borrower's settlement accounts with the Creditor (including accounts with the Creditor's affiliates) be insufficient to pay any facility fee, commitment fee or early repayment fee overdue, or any penalty for a delay in payment of any facility fee or commitment fee, sell foreign currency from the Borrower's current currency accounts with the Creditor, at the exchange rate and on the terms established by the Creditor for conversion transactions as at the date of such transaction, and credit the proceeds from the sale of such currency to the Borrower's settlement account with the Creditor.

The Creditor shall inform the Borrower in writing of any such sale of foreign currency subject to the procedure specified in Clause 8.3 of the Agreement.

5.1.6 Suspend crediting and/or request that the Borrower repay the total amount of the loan before maturity, pay the interest due, the facility fee, the commitment fee, the availability fee, the penalty, or make other payments under the Agreement as well as foreclose on the pledged property and make similar claims to the guarantor if:

a) the Borrower fails to perform or unduly performs its obligations under the Agreement relating to the repayment of the loan, and/or payment of interest, and/or facility fee and/or commitment fee and/or availability fee, if such failure to perform or improper performance is not remedied within 7 (seven) calendar days;

b) the Borrower fails to perform or unduly performs its obligations relating to the repayment of the loan, and/or payment of interest, and/or facility fee and/or commitment fee and/or availability fee under other credit agreements (non-revolving credit facility agreements) which are executed or may be executed by the Borrower and the Creditor during the term hereof resulting in a demand made against the Borrower to repay the loan and make other payments thereunder before their maturity;

c) the loan security is lost or its terms deteriorate due to the circumstances beyond the Creditor's control, subject to clause 6.2.4.7 hereof

d) the Borrower uses the loan for other than the intended purpose;

e) the Borrower fails to comply with its reporting obligations under clause 6.2.5 of the Agreement, unless such failure is remedied within 10 (ten) business days from the date the relevant written request is received from the Creditor;

f) pursuant to Article 46 of Federal Law "On Insolvency (Bankruptcy)" in the course of preparing a case on recognizing the Borrower as insolvent (bankrupt), the arbitration court acting pursuant to the current laws makes a ruling on the results of examination of the validity of Borrower's objections. In this case, the amount of the creditor's (creditors') claims approved by the arbitration court shall be in excess of 500 (five hundred) minimum wages or the equivalent thereof in US dollars at the exchange rate of the Bank of Russia, or the arbitration hearings to review the validity of debtor's objections were not held within one month before the timeline to try the bankruptcy case is set;

g) a claim or claims have been filed against the Borrower seeking payment of a cash amount or recovery of assets the amount of which exceeds in aggregate US$ 8,000,000 (eight million) or the equivalent thereof in the currency of the Russian Federation at the rate of the Bank of Russia as of the date such claims were filed (provided, that the amount of at least one of such claims exceeds US$ 4,000,000 (four million) or the equivalent thereof in the currency of the Russian Federation at the rate of the Bank of Russia as of the date such claim was filed) and such claim(s) was (were) satisfied by the court of the first instance;

h) a decision is made on reorganization, liquidation or decrease of the Borrower's charter capital without prior written consent of the Creditor, except for any merger (or takeover) of the Borrower and the Guarantor, or any reduction of the charter capital due to redemption of the Borrower's preferred shares at their nominal value for the total amount not in excess of 26,460 rubles;

i) the Borrower is declared insolvent (bankrupt) in accordance with the applicable laws;

j) the Borrower fails to perform its obligations to renew property insurance policies as set out in clause 6.2.7 hereof;

k) the Borrower fails to perform its property insurance obligations set out in clause 6.2.8 hereof;

l) the Borrower fails to perform the obligations set out in clauses 6.2.14 and 6.2.15 hereof;

m) the Borrower fails to perform the obligations set out in clause 6.2.10 hereof;

n) the Borrower fails to perform the obligations set out in clause 6.2.11 hereof;

o) the Borrower fails to perform the obligations set out in clause 6.2.12 hereof;

p) the Borrower fails to perform the obligations set out in clause 6.2.13 hereof, unless such failure is remedied within 15 (fifteen) calendar days from the date of receipt of the Creditor's written request to that effect;

q) the Borrower fails to perform or improperly performs its obligations set out in clause 2.15 hereof.

The above violations and changes in circumstances shall be deemed material by the Creditor.

The Creditor shall notify the Borrower of its claims in accordance with clause 8.3. hereof.

5.1.7 Refuse to extend the loan if there are circumstances evidencing that the loan will not be repaid by the Borrower within the timeline set out herein.

5.1.8 Conduct audits and check the accuracy of the information provided by the Borrower regarding its business and financial activity in a manner convenient for the Creditor, and request other data pertaining to the use of the loan.

5.1.9 If requested by the Borrower at least 15 (fifteen) calendar days prior to the maturity of the loan, the Creditor shall have the right to extend the loan maturity date.

5.1.10 Partially release from pledge the assets specified in clause 6.2.4 hereof following the partial repayment by the Borrower of the principal of the loan hereunder, provided that the terms and procedure of such release shall be separately negotiated by the Parties.

5.2 The Borrower shall have the right to:

5.2.1 If the Creditor increases the interest rate in accordance with Clause 5.1.1 hereof, repay the principal amount in full together with the interest accrued on the existing terms within 30 (thirty) calendar days from the date the Creditor gives to the Borrower a written notice of the change in the loan terms.

5.2.2 Prepay in full or in part the loan together with the interest, the commitment fee, the availability fee, and penalties accrued as at the prepayment date, provided that the Creditor is notified in writing at least 5 (five) business days prior to the prepayment date of the loan (a portion of the loan).

5.2.3 If there is a need to extend the term for repayment of the loan, submit a request to the Creditor at least 15 (fifteen) calendar days before the maturity date of the loan.

5.2.4 For the period up to the issuance of the guarantee pursuant to clause 6.2.4.1 hereof, pledge to the Creditor its own ruble promissory notes with the aggregate nominal value of RUR 896,000,000 (eight hundred and ninety-six million) and the pledge value of RUR 448,000,000 (four hundred and forty eight million).

5.2.5 For the period up to the execution of the pledge of equipment pursuant to clause 6.2.4.5 hereof, pledge to the Creditor its own ruble promissory notes with the aggregate nominal value of RUR 2,086,336,000 (two billion eighty-six million three hundred and thirty-six thousand) and the pledge value of RUR 1,043,168,000 (one billion forty-three million one hundred and sixty-eight thousand).

Article 6. Obligations of the Parties

6.1 The Creditor shall have the following obligations:

6.1.1 If the terms set out in Clauses 2.3, 2.4 and 2.7 hereof are met, and unless as of the time of extension of the loan none of the conditions which give rise to the Creditor's right to terminate this Agreement and accelerate the loan have occurred, the Creditor shall transfer loan amounts to the extent of the non-disbursed amount of the credit facility to the current currency account of the Borrower pursuant to the payment orders of the Borrower.

6.2 The Borrower shall:

6.2.1 Within ten (10) business days as of receipt of the Creditor's request pursuant to clause 5.1.6 hereof, repay the principal, together with interest accrued thereon, and pay the commitment fee and the availability fee.

6.2.2 Use the loan strictly for the purpose as set out in Article 1 hereof.

6.2.3 Provide the Creditor with payment documents duly executed in accordance with the purpose of the loan.

6.2.4 As security for the timely and full performance of the Borrower's obligations hereunder, including the obligation to repay the loan and interest, to pay the facility fee, the commitment fee and the availability fee:

6.2.4.1 The Borrower shall ensure that OAO Vimpel-Communications (located at ul. 8 Marta, 10, bldg. 14, Moscow 127083, Russia) (hereinafter, the "Guarantor"), not later than July 1, 2003, provide a guarantee for the Borrower's obligations under the Agreement in the amount of US$ 50,000,000 (fifty million).

6.2.4.2 Pledge to the Creditor the cellular equipment owned by the Borrower. The pledge value shall be determined on the basis of the contracts submitted by the Borrower as the contract value of the equipment multiplied by the pledge ratio. The pledge ratio shall be 0.7. The pledge value shall be at least the ruble equivalent of US$ 5,086,148.90 (five million eighty-six thousand one hundred and forty-eight point ninety) calculated at the rate of the Central Bank of the Russian Federation as of the date of execution of the pledge agreement.

6.2.4.3 Pledge to the Creditor the cellular equipment, computers and office equipment owned by the Borrower. The pledge value shall be determined on the basis of the contracts submitted by the Borrower as the contract value of the equipment multiplied by the pledge ratio. The pledge ratio shall be 0.65. The pledge value shall be at least the ruble equivalent of US$ 11,326,353.35 (eleven million three hundred and twenty-six thousand three hundred and fifty-three point thirty-five) calculated at the rate of the Central Bank of the Russian Federation as of the date of execution of the pledge agreement.

6.2.4.4 Pledge to the Creditor the cellular equipment, computers and office equipment owned by the Borrower. The pledge value shall be determined on the basis of the contracts submitted by the Borrower as the contract value of the equipment multiplied by the pledge ratio. The pledge ratio shall be 0.5. The pledge value shall be at least the ruble equivalent of US$ 6,193,623.50 (six million one hundred and ninety-three thousand six hundred and twenty-three point fifty) calculated at the rate of the Central Bank of the Russian Federation as of the date of execution of the pledge agreement.

6.2.4.5 Not later than April 1, 2003 pledge to the Creditor the telecommunications equipment owned by the Borrower. The pledge value shall be determined on the basis of the contracts submitted by the Borrower as the contract value of the equipment multiplied by the pledge ratio. The pledge ratio shall be 0.7. The pledge value shall be at least the ruble equivalent of US$ 32,599,000 (thirty-two million five hundred and ninety-nine thousand) calculated at the rate of the Central Bank of the Russian Federation as of the date of execution of the pledge agreement.

6.2.4.6 Pledge (or ensure pledge) to the Creditor its own ruble promissory notes with the nominal value of RUR 1,536,000,000 (one billion five hundred and thirty-six thousand). The pledge value shall be RUR 768,000,000 (seven hundred and sixty-eight million).

6.2.4.7 On Creditor's request, replace the Pledged Assets provided in accordance with clauses 6.2.4.2-6.2.4.5 hereof with assets of the same value and satisfactory to the Creditor within 10 (ten) calendar days as of receipt by the Borrower of the Creditor's written request to replace the pledged assets, if:

- the Pledged Assets are lost other than through the fault of the Creditor;
- the title to the Pledged Assets terminates as stipulated by law.

6.2.5 Submit to the Creditor full accounting quarterly statements in the form approved by the Ministry of Finance of the Russian Federation, including a balance sheet with appropriate attachments thereto, stamped by the tax inspectorate, and information on all ruble accounts opened by the Borrower as disclosed to the tax inspectorate within 10 (ten) business days from the date established for submission of the accounting statements to the tax inspectorate. If an audit is carried out for the relevant year, the Borrower shall submit to the Creditor an auditor's opinion on the accuracy of the books and records, within 10 (ten) business days from the date of signing the auditor's opinion.

6.2.6 In the event of reorganization or liquidation, except for merger (takeover) of the Borrower and Guarantor, or decrease of the charter capital, except for any reduction of the charter capital due to redemption of the Borrower's preferred shares at their nominal value for the total amount not in excess of 26,460 rubles, notify the Creditor at least 10 (ten) business days prior to any such event, and, at the Creditor's request, immediately repay the indebtedness under the loan irrespective of its maturity date set out herein, pay the interest due, the commitment fee and other payments hereunder.

6.2.7 Insure the assets pledged pursuant to clauses 6.2.4.2-6.2.4.4 hereof, for the amount of no less than the pledge value, against the risk of loss (destruction), deficiency or damage for all reasons set forth by the insurer's rules (full package), and timely renew the insurance policies until obligations under the Agreement are met in full. The Pledgor shall obtain prior Creditor's approval of the insurance company and the terms of the insurance agreement, except in respect of property insurance agreements effective as of the date hereof.

Within twenty (20) calendar days following the execution of the pledge agreement (or, if the insurance company is replaced, within ten (10) calendar days following the date of execution of a new insurance agreement) the Borrower shall be execute an agreement between the pledgor, the Creditor and the insurance company on transfer of the amount of indemnity in respect of the Pledged Assets only to the pledgor's accounts opened with the Creditor.

Within five (5) business days following the execution of the insurance agreement the Borrower shall provide the Creditor with a copy of the insurance rules certified by the insurance company, and a copy of the relevant insurance agreement and insurance policy (if any) certified by the signature of the senior manager and the seal of the pledgor.

6.2.8 Within twenty (20) business days after the date on which the assets pledged pursuant to clause 6.2.4.5 hereof, insure the same for all reasons set forth by the insurer's rules (full package), and timely renew the insurance policies until obligations under the Agreement are met in full. The pledgor shall obtain prior Creditor's approval of the insurance company and the terms of the insurance agreement, except in respect of property insurance agreements effective as of the date hereof.

Within ten (10) calendar days following the execution of the insurance agreement (or, if the insurance company is replaced, within twenty (20) calendar days following the date of execution of a new insurance agreement) the Borrower shall execute an agreement between the pledgor, the Creditor and the insurance company on transfer of the amount of indemnity in respect of the Pledged Assets only to the pledgor's accounts opened with the Creditor.

Within five (5) business days following the execution of the insurance agreement the Borrower shall provide the Creditor with a copy of the insurance rules certified by the insurance company, and a copy of the relevant insurance agreement and insurance policy (if any) certified by the signature of the senior manager and the seal of the pledgor.

6.2.9 At least once a quarter report to the Creditor on the status of the regional development investment program in form to be agreed upon with the Creditor.

6.2.10 Open import transaction passport under the contracts financed out of the loan granted hereunder with OPERU of the Sberegatelny Bank of Russia.

6.2.11 Effective as of the date and throughout the term hereof, maintain the credit turnover through the Borrower's settlement accounts with the Creditor, at the level of at least sixty (60) per cent of the aggregate credit turnover of the Borrower through all settlement and current currency accounts with banking institutions (both Russian and foreign) during each calendar quarter, excluding the credit turnover comprised of loans, revenues received from the issuance, equity funds conversion, equity funds transfers, borrowings, investments and repayment of loans. If at the last day of a calendar quarter the indebtedness of the Borrower to the Creditor hereunder is less than the credit facility amount set out in clause 1.1 hereof, the credit turnover may be reduced in direct proportion to the unused portion of the credit facility.

The Borrower shall provide the Creditor with duly certified statements in respect of all settlement and current currency accounts of the Borrower included in the list of Borrower's accounts filed with the tax inspectorate and provided to the Creditor pursuant to Clause 6.2.5 hereof, for each full calendar quarter no later than twenty (20) business days from the end of such calendar quarter.

6.2.12 From the date of execution hereof by the Parties, any bank borrowings (i.e. loans, guarantees and other borrowings taken for a fee and to be repaid) by the Borrower and its subsidiaries listed in Appendix 1 hereto (hereinafter collectively referred to as the Vimpelcom-R Group) can be made only with the Creditor's written approval. This clause shall not apply to the loan extended by the Creditor to the Borrower hereunder.

The Vimpelcom-R Group shall be released from the obligation to comply with this clause if:

6.2.12.1 the total amount of all outstanding borrowings on the aggregated basis received after the execution hereof by the Parties and not repaid is less than the equivalent of US$ 50,000,000 (fifty million) during the term hereof;

6.2.12.2 the bank loans were received as a result of the transfer of the debt of the Vimpelcom-R Group to the suppliers of goods (services) under goods (services) supply contracts, after the delivery (rendering) thereof, i.e. vendor loans.

6.2.12.3 the borrowings received prior to the execution hereof by the Parties are extended or refinanced.

6.2.12.4 the principal amount outstanding hereunder is less than US$ 20,000,000 (twenty million) after the expiration of the credit availability period set forth in clause 2.12.

6.2.12.5 Vimpelcom-R Group borrows funds from the European Bank for Reconstruction and Development (EBRD) or a bank syndicate managed by EBRD to finance the costs under the program of regional development of the Vimpelcom-R Group cellular network on the terms agreed upon with the Creditor. The Creditor's consent to such borrowing shall not be unreasonably withheld.

6.2.13 The Borrower shall under Clause 8.3 hereof notify the Creditor of any new obligations under the borrowings made by the Borrower in accordance with clause 6.2.12 hereof no later than ten (10) business days following the execution of the corresponding financing agreements, and, upon Creditor's request, shall provide duly certified additional documents to the Creditor to review the compliance of Vimpelcom-R Group with clause 6.2.12.

6.2.14 If any claim (claims) as set out in Clause 5.1.6(g) is filed against the Borrower, notify the Creditor within five (5) business days of any such claim and provide the opportunity to review (subject to confidentiality requirements) all the documents relating to the subject matter of the claim (claims), and, if the Creditor requires the power of attorney, within ten (10) business days upon receipt of the relevant request, issue to the Creditor the power of attorney to be present at the court hearings and review the materials in the course of such litigation, provided that such power of attorney shall not grant the Creditor the right to take any action on behalf of the Borrower (in particular, the right to file counterclaims, admit the claim or enter into settlement agreements).

6.2.15 Not revoke the power of attorney issued pursuant to Clause 6.2.14 hereof.

Article 7. Term of the Agreement

7.1 This Agreement shall become effective upon its execution by the Parties and shall have full force and effect unless and until the Parties fully perform their obligations hereunder.

Article 8. Miscellaneous

8.1 All amendments and modifications hereto, except in cases set out in clauses 5.1.1 and 5.1.2 hereof, shall be effective only if made in writing and signed by duly authorized persons.

8.2 The Party changing its address shall notify the other Party prior to the state registration of the corresponding amendments to the charter documents, and no later than five (5) business days following the actual change of address.

If the banking details of any Party change, such Party shall notify the other Party thereof prior to the effective date for such changes, and no later than five (5) business days following the actual change of banking details.

8.3 Any notice or other communication from a Party to the other Party shall be made in writing. Such notice or communication shall be deemed properly sent if delivered to the addressee by courier or registered mail with confirmation of receipt, of by telecopy, at the address indicated in the Agreement (or any other address indicated by a Party pursuant to Clause 8.2 hereof), and signed by an authorized officer.

8.4 The Creditor shall have the right to assign all or part of its rights and obligations hereunder or under transactions relating to loan security, to any other person without the consent of the Borrower if any portion of Borrower's indebtedness hereunder is past due for more than ten (10) business days.

8.5 If the Creditor requests that the Borrower effect early repayment of the loan and any other payments due hereunder, the Parties shall, within 60 (Sixty) days as of the date of such request, enter into an agreement on out-of-court foreclosure of the pledged assets specified in clause 6.2.4 hereof (hereinafter, the "Agreement"). The Creditor shall deliver the payment request to the Borrower prior to the date of the Agreement. If the Parties fail to enter into the Agreement within the period set herein, the Creditor may foreclose the pledged assets specified in clause 6.2.4 hereof in the manner provided for in the applicable laws of the Russian Federation.

8.6 All disputes under this Agreement shall be settled in the Arbitration Court of Moscow pursuant to the applicable laws of the Russian Federation.

8.7 This Agreement is made in three counterparts, each has equal legal force, two copies for the Creditor and one for the Borrower.

Article 9. Location and Bank Details of the Parties

Creditor	**Borrower**
Joint Stock Commercial Sberegatelny Bank of the Russian Federation (an open joint-stock company)	Open Joint Stock Company "Vimpelcom-Region"
19 Vavilova str., Moscow 117997 Tel.: 957 5607, fax: 957 5561	Ul. 8 Marta, 10, bldg. 14, Moscow 127083 Tel.: 725 0714, 725 0747, fax: 755 4616
For currency payments: Bank of New York, New York Acc. No. 8900057610, Acc. No. 30301840400000100014	For currency payments: Acc. No. 40702840100020106152 with Savings Bank of the RF, Moscow, Russia Acc. No. 8900057610 The Bank of New York, New York, USA
For ruble payments: Acc. No. 30301810100000100014 Corr. acc. No. 30101810400000000225 with OPERU of MD CB RF for the city of Moscow	For ruble payments: Acc. No. 40702810800020106152 with Savings Bank of RF, Moscow Corr. acc. No. 30101810400000000225 with OPERU of MD CB RF for the city of Moscow
BIC 044525225, INN 7707083893	BIC 044525225, INN 7718142364

Article 10. Signatures of the Parties

Creditor	**Borrower**
First Deputy Chairman of the Management Board of Sberbank of Russia	General Director of OJSC "Vimpelcom-Region"
_____/signature/_____ A.K. Alyoshkina /seal/	_____/signature/_____ A.K. Mishchenko /seal/

Appendix No. 1

to Non-Revolving Credit Facility Agreement No. 9152, dated December 17, 2002.

List of Borrower's subsidiaries (Vimpelcom-R Group) which are covered by certain Clauses of the Agreement referencing this Appendix:

1. OJSC "Orensot", located at: 11-a Br. Znamenskikh pr., Orenburg 460021; registered on November 4, 1995, reg. No. SP-1153/157P.
2. CJSC "Sotovaya Company", located at: 12 ul. Dobrolyubova, Novosibirsk 630009; registered on July 7, 1994, reg. No. OK 5538.

Creditor

First Deputy Chairman
of the Management Board of
Sberbank of Russia

_____/signature/_____ A.K. Alyoshkina
/seal/

Borrower

General Director of
OJSC "Vimpelcom-Region"

_____/signature/_____ A.K. Mishchenko
/seal/

Filename: d56093_ex4-55.htm
Type: EX-4.55
Comment/Description: Guarantee Agreement No. P-9152
(this header is not part of the document)

Exhibit 4.55

GUARANTEE AGREEMENT # P-9152

Moscow December 20, 2002

Sberegatelny Bank of the Russian Federation, a joint-stock commercial bank (an open joint-stock company), hereinafter referred to as the "Creditor", in the person of its First Deputy Chairman of the Management Board, Ms. Alla K. Alyoshkina, acting on the basis of the Charter, on the one hand, and Vimpel-Communications, an open joint-stock company, hereinafter referred to as the "Guarantor", in the person of its President and CEO, Mr. Jo O. Lunder, acting on the basis of the Charter, on the other hand, hereinafter collectively referred to as the "Parties", have made this agreement (hereinafter, the "Agreement") on the following:

Article 1. Subject of the Agreement

1.1 The subject of the Agreement is the Guarantor's obligation to be liable to the Creditor for the performance by the Open Joint-Stock Company "Vimpelcom-Region" (location: ul. 8-go Marta, 10, bldg. 14, Moscow, 127083, registered on August 3, 1999, with the Moscow Registration Chamber, registration number 081.925) (hereinafter, the "Borrower") of obligations arising out of the Non-Revolving Credit Facility Agreement # 9152 by and between the Borrower and the Creditor dated December 17, 2002, hereinafter referred to as the "Credit Agreement". The limit of Guarantor's liability to the Creditor under the Credit Agreement is US$36,000,000.00 (thirty six million).

1.2 The Guarantor reviewed all the terms and conditions of the Credit Agreement and is willing to be liable for the performance by the Borrower of its obligations under the Credit Agreement, including the following terms and conditions:

1.2.1 The Creditor opens for the Borrower a non-revolving credit facility in the amount of up to US$ 70,000,000.00 (seventy million) to finance the cots of the regional development program until August 27, 2007, under the Non-Revolving Credit Facility Agreement by and between the Borrower and the Creditor No. 9152 dated December 17, 2002.

1.2.2 The credit shall be repaid as follows:

##	Repayment date	Payment amount, in % of the outstanding credit amount as of the expiration of availability period
1	November 27, 2004	5%
2	February 27, 2005	5%
3	May 27, 2005	5%
4	August 27, 2005	5%
5	November 27, 2005	5%
6	February 27, 2006	10%
7	May 27, 2006	10%
8	August 27, 2006	11%
9	November 27, 2006	11%
10	February 27, 2007	11%
11	May 27, 2007	11%
12	August 27, 2007	11%

1.2.3 The Borrower shall pay to the Creditor the interest on the credit at the rate of 13 (thirteen) per cent per annum.

1.2.4 The interest shall be paid for the actual period of credit utilization, on a monthly basis, on the 27th (twenty-seventh) day of each calendar month and on the last repayment date in respect of the credit, being August 27, 2007.

1.2.5 The Borrower shall pay the facility fee in the amount of 0.5% (point five) per cent per annum payable in Russian Rubles at the rate of the Bank of Russia as of the payment date. The facility fee shall accrue on the undisbursed amounts to the extent of the available limit of the credit facility starting from the date of the Credit Agreement to the last availability date.

1.2.6 The Borrower shall have the right to utilize the credit amount after the disbursement dates set forth in clause 2.7 of the Credit Agreement but no later than the date set forth in clause 2.12 of the Credit Agreement.

The Borrower shall pay the availability fee to the Creditor in the amount of 0.75 (point seventy five) per cent per annum on the non-disbursed amounts payable in Russian Rubles at the rate of the Bank of Russia as of the payment date, for the period starting on the last disbursement date of the tranche set forth in clause 2.7 of the Credit Agreement (excluding such date) and ending on the actual disbursement date (including such date).

1.2.7 The facility fee and the availability fee shall be payable on a monthly basis on the 27th (twenty-seventh) day of each calendar month and on the final availability date, being April 1, 2003.

1.2.8 The Creditor may unilaterally increase the interest rate under the Credit Agreement and notify the Borrower accordingly without documenting such amendment in the form of amending agreement in case of any of the following events:

(a) the rate applicable to the term deposit for natural persons with OPERU of Sberbank of Russia for 90 (ninety) to 93 (ninety-three) calendar days increases;

(b) the Bank of the Russia makes a decision to increase the amount of the mandatory reserves of credit institutions deposited with the Bank of Russia by more than 20% (twenty percent) over the values set as at the date of the Credit Agreement, or as at the effective date of the latest change in the interest rate made in accordance herewith, either as a single increase or on accumulated basis;

(c) the Bank of Russia decides to raise the refinancing rate of the Bank of Russia by more than 20% (twenty percent) over the values set as at the date of the Agreement, or as at the effective date of the latest change in the interest rate made in accordance herewith, either as a single increase or on accumulated basis;

(d) the Government of the Russian Federation, its agencies or the Bank of Russia take measures altering significantly the position of the Parties under the Credit Agreement;

(e) amendment of the tax laws results in significant deterioration of the Creditor's position.

The Borrower shall be notified of any change in the interest rate subject to the procedure specified in Clause 8.3. of the Credit Agreement.

Should the Creditor raise the interest rate unilaterally, such change shall become effective on expiration of 30 calendar days from the date the Creditor gives notice to the Borrower, unless such notice specifies a later date for such change to come into effect.

The higher interest rate set by the Creditor unilaterally shall not exceed the interest rate which was previously in effect hereunder by more than 1.3 (one point three) times for a period of 150 (one hundred fifty) days from the date the Creditor gives notice to the Borrower of any change in the interest rate.

1.2.9 If the Borrower fails to timely make a payment under the credit, pay the interest, the facility fee, the availability fee or the fee for accelerated repayment of a portion of the credit, the Borrower shall pay to the Creditor a penalty in the amount of 0.1% (point one) percent of the amount overdue for each day of delay in performance of the obligations, from the day following the performance deadline.

Article 2. Rights and Obligations of the Parties

2.1 The Guarantor undertakes the following obligations:

2.1.1 Bear joint and several liability with the Borrower for the performance of obligations under the Credit Agreement, including the obligation to repay the credit, pay the interest, the facility fee, availability fee, fee for accelerated repayment of a portion of the credit, penalty, reimburse the litigation costs and other costs incurred in connection with the recovery of the debt and other losses of the Creditor resulting from the failure to perform or undue performance by the Borrower of its obligations under the Credit Agreement.

2.1.2 Immediately, but no later than 5 (five) business days following receipt of a written notice from the Creditor on the past due payment by the Borrower under the Credit Agreement with the attached calculation of the amount due and payable under the Agreement, pay to the Creditor the amount past due from the Borrower subject to penalties as of the date of actual payment of the Borrower's indebtedness under the Credit Agreement.

2.1.3 Within 2 (two) business days from the execution date of the Agreement to enter into an amendment agreement to the agreement on bank account No. 40702810138180121008 with Vernadskoye Office No. 7970 of Sberbank of Russia, dated August 8, 1998, which will provide for the Creditor's right to debit without acceptance such accounts with the amounts to repay the principal, interest, facility fee, availability fee, fee for accelerated repayment of a portion of the credit and penalty in case of the Guarantor's default under clause 2.1.2 of the Agreement.

2.1.4 Not to make objections to any claims of the Creditor which could be made by the Borrower.

2.2 The Guarantor shall effect payment for the obligations of the Borrower under the Credit Agreement in US Dollars and/or Rubles. The funds in Rubles received from the Guarantor shall be converted into US Dollars at the rate of the Bank of Russia as of the date of such conversion. The funds received as repayment of the credit shall be applied towards repayment of the Borrower's obligations irrespective of the purpose of payment indicated in the payment document, in the following order of priority:

1) to pay the penalty;

2) to pay the overdue facility fees;

3) to pay the overdue availability fees;

4) to pay the overdue interest;

5) to pay the overdue fee for accelerated repayment of a portion of the credit;

6) to repay the overdue indebtedness under the credit.

2.3 The Guarantor shall bear all the conversion-related costs pursuant to clause 2.2.

2.4 The date of repayment of the Borrower's indebtedness by the Guarantor under the Agreement shall be the date on which the accounts of the Borrower with the Creditor are debited or the date on which the funds wired by the Guarantor as repayment of indebtedness under the Credit Agreement, are credited to the correspondent account of the Creditor if repayment is made from the Guarantor's account with another bank.

2.4 The Creditor undertakes to notify the Guarantor immediately and in any case within 7 (seven) business days from the date on which the Borrower's obligations to repay the principal and interest and to make other payments under the Credit Agreement become overdue.

2.5 The Creditor undertakes to provide the Guarantor with copies of the documents evidencing the claims of the Creditor to the Borrower, within 10 (ten) business days upon the end of the Credit Agreement, if the Guarantor has fully or partially performed the Borrower's obligations under the Credit Agreement.

2.6 The Guarantor which has performed the Borrower's obligation under the Credit Agreement shall accede to the Creditor's rights under such obligations to the extent of Guarantor's performance of Creditor's claims.

2.7 The Creditor shall have the right to debit without acceptance the Guarantor's account No. 40702810138180121008 with Vernadskoye Office No. 7970 of Sberbank of Russia with the amounts to repay the principal, interest, facility fee, availability fee, fee for accelerated repayment of a portion of the credit and penalty in case the Guarantor's default under clause 2.1.2 of the Agreement.

Article 3. Liability of the Parties

3.1 The Parties shall be liable for failure to perform or improper performance of their obligations hereunder in accordance with the applicable laws of the Russian Federation.

3.2 If the obligations are not timely performed as set forth in clause 2.1.2 of the Agreement, the Guarantor shall pay to the Creditor a penalty starting from the day immediately following the due date under the Agreement for each day of delay, until and including the date on which the overdue amount is repaid, in the amount of 0.1% (point one) percent of the amount overdue, including the Borrower's obligations to pay the facility fee and/or availability fee and/or fee for accelerated repayment of a portion of the credit and/or repayment of principal and/or payment of interest, but excluding the penalty payable by the Borrower.

The Creditor shall have the right to unilaterally and at its own discretion decrease the amount of penalty and/or establish a grace period with notice thereof to the Guarantor and without execution of a separate amendment evidencing the same.

Decrease of the penalty and/or grace period shall become effective from the date specified in the relevant notice from the Creditor.

Article 4. Term of the Agreement

4.1 This Agreement shall become effective upon its execution by the Parties.

4.2 This Agreement shall terminate upon full performance by the Borrower of its obligations under the Credit Agreement, or upon performance by the Parties of their obligations under the Agreement.

Article 5. Miscellaneous

5.1 All amendments and modifications hereto shall be effective only if made in writing and signed by duly authorized representatives of the Parties.

5.2 The Party changing its address shall notify the other Party prior to the state registration of the corresponding amendments to the charter documents, and no later than five (5) business days following the actual change of address.

5.3 If the banking details of any Party change, such Party shall notify the other Party thereof prior to the effective date of such changes, and no later than five (5) business days following the actual change of banking details.

5.4 Any notice or other communication from a Party to the other Party hereunder shall be made in writing. Such notice or communication shall be deemed properly sent if delivered to the addressee by courier or registered mail with confirmation of receipt or by fax to the address indicated in the Agreement (or any other address indicated by a Party pursuant to Clause 5.2 of the Agreement), signed by an authorized person.

5.5 All disputes under the Agreement shall be settled by the Arbitration Court of Moscow pursuant to the applicable laws of the Russian Federation.

5.6 In all other matters not covered by the Agreement the Parties shall observe the current laws of the Russian Federation.

5.7 The Parties' relations not covered hereby shall be governed by the applicable laws of the Russian Federation.

5.8 This Agreement is made in three counterparts, each having equal legal force, two copies for the Creditor and one for the Guarantor.

Article 6. Location and Banking Details of the Parties

Creditor:
Joint-Stock Commercial Sberegatelny Bank of the Russian Federation
19 Vavilova str., Moscow, 117817
tel.: 957-5290, fax. 957-5561
Currency payments.: Bank of New York, New York, acc. 8900057610, acc. 30301840400000100014;
Ruble payments: acc. No. 30301810100000100014
Corr. acc. No. 30101810400000000225 with OPERU of CB RF Main Department for the city of Moscow, BIC 044525225, INN 770708389(3)

Guarantor:
Open Joint Stock Company Vimpel-Communications
127083 Moscow, Ul. 8 Marta, 10, bldg. 14.
INN 7713076301, tel/fax 212-14-35
Currency payments: acc. 40702840600020106393 with OPERU of Sberbank of Russia
Rubles payments: acc. No. 40702810300020106393 with OPERU of Sberbank of Russia
Corr. acc. No. 30101810400000000225 with OPERU of CB RF Main Department for the city of Moscow, BIC 044525225.

Signatures of the Parties

Creditor	**Guarantor**
First Deputy Chairman of the Management Board of the Sberegatelny Bank of Russia	**President and CEO OJSC Vimpel-Communications**
/signed/	**/signed/**
A.K. Alyoshkina	**Jo Lunder**
/seal/	**/seal/**

Filename: d56093_ex4-551.htm
Type: EX-4.55.1
Comment/Description: Amendment Agreement No. 1
(this header is not part of the document)

Exhibit 4.55.1

AMENDMENT AGREEMENT NO. 1 TO
GUARANTEE AGREEMENT NO. P-9152 DATED DECEMBER 20, 2002

Moscow March 17, 2003

Sberegatelny Bank of the Russian Federation, a joint-stock commercial bank (an open joint-stock company), hereinafter referred to as the "Creditor", in the person of its First Deputy Chairman of the Management Board, Ms. Alla K. Alyoshkina, acting on the basis of the Charter, on the one hand, and Vimpel-Communications, an open joint-stock company, hereinafter referred to as the "Guarantor", in the person of its President and CEO, Mr. Jo O. Lunder, acting on the basis of the Charter, on the other hand, hereinafter collectively referred to as the "Parties", have made this Amendment Agreement No. 1 (hereinafter, the "Amendment Agreement") to Guarantee Agreement No. P-9152, dated December 20, 2002 (hereinafter, the "Agreement") on the following:

1. To amend clause 1.1 of the Agreement to read as follows:

   "1.1 The subject of the Agreement is the Guarantor's obligation to be liable to the Creditor for the performance by the Open Joint-Stock Company "VimpelCom-Region" (location: ul. 8-go Marta, 10, bldg. 14, Moscow, 127083, registered on August 3, 1999, with the Moscow Registration Chamber, registration number 081.925) (hereinafter, the "Borrower") of obligations arising out of the Non-Revolving Credit Facility Agreement No. 9152 by and between the Borrower and the Creditor, dated December 12, 2002, hereinafter referred to as the "Credit Agreement". The limit of Guarantor's liability to the Creditor under the Credit Agreement is US$50,000,000.00 (fifty million).

2. All other clauses of the Agreement not amended or restated herein shall have full force and effect.

3. This Amendment Agreement shall become effective when signed by the Parties and shall constitute an inalienable part of the Agreement.

4. This Amendment Agreement is made in 3 counterparts, each having equal legal force, two for the Creditor and one for the Guarantor.

Location and Banking Details of the Parties

***Creditor*:**
Joint-Stock Commercial Sberegatelny Bank of the Russian Federation
(an open joint-stock company)
19 Vavilova str., Moscow, 117997
tel.: 957-5290, fax. 957-5561
Currency payments: Bank of New York, New York, acc. 8900057610, acc. 3030184040000014;
Ruble payments: acc. No. 30301810100000100014
Corr. acc. No. 30101810400000000225 with OPERU of CB RF Main Department for the city of Moscow, BIC 044525225, INN 770708389(3)

***Guarantor*:**
Open Joint Stock Company Vimpel-Communications
125083 Moscow, Ul. 8 Marta, 10, bldg. 14.
INN 7713076301, tel/fax 212-14-35
Currency payments: acc. 40702840600020106393 with OPERU of Sberbank of Russia
Rubles payments: acc. No. 40702810300020106393 with OPERU of Sberbank of Russia
Corr. acc. No. 30101810400000000225 with OPERU of CB RF Main Department for the city of Moscow, BIC 044525225.

Signatures of the Parties

Creditor
First Deputy Chairman
of the Management Board
of the Sberegatelny Bank of Russia

/signed/
_____
A.K. Alyoshkina

/seal/

Guarantor
President and CEO
OAO Vimpel-Communications

/signed/
_____
Jo Lunder

/seal/

Exhibit 4.56

CREDIT AGREEMENT

between

Bayerische Hypo- und Vereinsbank AG

and

Nordea Bank Sweden AB (publ)

as Lenders

and

Nordea Bank Sweden AB (publ)

as Agent and Security Beneficiary

and

Open Joint Stock Company “Vimpel-Communications”

as Borrower

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This credit agreement (the **"Credit Agreement")** is made on January 15, 2003 between

Nordea Bank Sweden AB (publ), a public company incorporated under the laws of Sweden and having its registered office at Hamngatan 10, SE-105 71 Stockholm, Sweden, and **Bayerische Hypo- und Vereinsbank AG**, a stock corporation incorporated under the laws of Germany and having its registered office at Am Tucherpark 16, 80538 Munich, Federal Republic of Germany (jointly referred as the "**Lenders**" and each a **"Lender"),** including its successors and permitted assigns;

Nordea Bank Sweden AB (publ), a public company incorporated under the laws of Sweden and having its registered office at Hamngatan 10, SE-105 71 Stockholm, Sweden, as agent (the "**Agent**") for the Lenders and security beneficiary (the **"Security Beneficiary")**

and

Open Joint Stock Company "Vimpel-Communications", a Russian open joint stock company having its legal address at 10, bldg. 14, 8 Marta str., Moscow 127083 Russian Federation (the "**Borrower**").

BACKGROUND

Whereas the Supplier (as defined below) and the Borrower (as defined below) have entered into the Supply Contract (as defined below), pursuant to which the Supplier has delivered and will deliver telecommunication equipment to the Borrower as specified therein; and

Whereas the Lenders have agreed to make available a credit to the Borrower in the amount of USD 35,700,000 for the purpose of financing (in the form of reimbursements repayable in installments) of up to 85% the Contract Price (as defined below) for the delivery of the Equipment (as defined below) under the Supply Contract upon the terms and conditions set forth herein.

NOW, THEREFORE, IT IS AGREED as follows:

1. DEFINITIONS

1.1 In this Credit Agreement:

"Acceptance Reimbursable Amount" with respect to a particular item or group of items of Equipment under the Supply Contract means 10% of the portion of the Contract Price attributable to such Equipment under the Supply Contract.

"Account" means the account number 40702840400001001001 of the Borrower, opened pursuant to clause 3.3 of this Credit Agreement with ING Bank (Eurasia) ZAO Moscow, Russia (SWIFT code: INGBRUMM).

"Affiliate" has, for the purposes of clause 9.2 (f) of this Credit Agreement, the meaning specified in the Bond Loan Agreement.

"Bond Loan Agreement" means that certain Loan Agreement dated April 23, 2002 between the Borrower and J.P. Morgan AG.

"Business Day" means a day on which banks and foreign exchange markets are generally open for business in Stockholm, New York, London, Munich and Moscow.

"Change of Ownership" means the occurrence of any circumstance, other than an issuance of voting shares in which Telenor ASA and other entities owned, directly or indirectly, by Telenor ASA elects not to participate, by which Telenor ASA ceases to own, directly or indirectly, at least 25% of the voting shares of the Borrower.

"Commitment" means, in relation to a Lender, the obligation of such Lender to make available a credit up to the aggregate principal amount of USD 17,850,000.

"Contract Price" means the total purchase price in the amount of USD 42,000,000 to be paid to the Supplier for the Equipment under the Supply Contract.

"Debt" has the meaning given to the term "Indebtedness" in the Bond Loan Agreement.

"Default" means an Event of Default or any event or circumstance which with the giving of notice and/or the passage of time and/or the making of any determination of materiality or fulfilment of any other applicable condition (or any combination of the foregoing) may constitute an Event of Default.

"Delivery Reimbursable Amount" with respect to a particular item or group of items of Equipment under the Supply Contract means 75% of the portion of the Contract Price attributable to such Equipment under the Supply Contract.

"Drawdown Date" means the date of each Drawing.

"Drawdown Notice" means a notice from the Borrower to the Lender requesting a Drawing under this Credit Agreement in respect of Acceptance Reimbursable Amounts or Delivery Reimbursable Amounts, as the case may be, such notice to be substantially in the form of Exhibit 3 hereto.

"Drawdown Period" means the period commencing on the date of this Credit Agreement and ending on whichever is the earliest of (i) February 20, 2004, (ii) the day on which the Loan is equal to the Total Commitments, and (iii) the termination of any Commitment in accordance with the terms and conditions of this Credit Agreement.

"Drawing" means a borrowing of the whole or a portion of the Total Commitments by the Borrower under this Credit Agreement. An individual drawing may not be for an amount less than the lesser of (i) USD500,000, and (ii) the then unfunded portion of the Total Commitments. The maximum amount of drawings made by the Borrower may not exceed twenty (20) drawings, provided that the Agent shall charge the Borrower an additional fee of USD1,500 for administration of each drawing in excess of twenty (20) drawings.

"EKN" means the Swedish Export Credits Guarantee Board, currently located at Kungsgatan 36, Stockholm, Sweden (postal address: Box 3064, S-103 61 Stockholm, Sweden).

"EKN Guarantee" means each of the guarantees to be issued by EKN pursuant to the EKN Offer (collectively the **"EKN Guarantees").**

"EKN Offer" means the EKN offer No. 2002-10340-1 dated December 20, 2002, a copy of which has been provided to the Borrower prior to the date of signing this Credit Agreement, as amended.

"EKN Premium" means the fees and premium estimated to be in the amount of USD 1,795,710 together with any interest thereon (as further described in clause 7.5 of this Credit Agreement), charged by EKN in relation to each of the EKN Guarantees.

"Equipment" means the equipment (including hardware and software) provided, or to be provided, by the Supplier to the Borrower in respect of the purchase orders under the Supply Contract.

"Event of Default" means any of the events of default specified in clause 11.1 of this Credit Agreement.

"Interest Payment Date" means the last day of each Interest Period, as specified in clause 4.1 of this Credit Agreement.

"Interest Period" means, save as otherwise provided herein, a period of six (6) months, which for the first interest period for each Tranche begins on the first Drawdown Date and for each consecutive interest period begins on the last day of the immediately preceding interest period, provided, however, that the first interest period of each advance made after the first Drawing in a Tranche shall be adjusted so that the last day of the Interest Period for such advance coincides with the current interest period for the first Drawing under such Tranche.

If an interest period is ending on a day which is not a Business Day such interest period shall end on the next Business Day in that calendar month (if there is one) or on the preceding Business Day (if there is not).

If any interest period would overrun the first Repayment Date then such interest period shall be shortened in order to end on the first Repayment Date.

"KB Impuls" means OJSC "KB Impuls", a Russian open joint stock company and wholly owned subsidiary of the Borrower.

"KB Licence" means licence No. 10005 awarded by the Ministry of Communications of the Russian Federation to KB Impuls and valid until 28 April 2008 and extensions or renewal thereof to operate a DCS-1800 and/or GSM 900 radiotelephone communication system for Moscow city and the Moscow region.

"LIBOR" means, in relation to the Loan or any part thereof:

(a) the rate per annum of the offered quotation for deposits in USD for a period comparable to the relevant Interest Period which appears on Telerate Page 3750 or 3740, as applicable, at or about 11 a.m. (London time) on the second Business Day prior to commencement of each respective Interest Period; or

(b) if no such offered quotation appears on Telerate Page 3750 or 3740, as applicable, at or about such time, the arithmetic mean (rounded upwards, if necessary, to four decimal places) of the offered quotations for deposits in USD for a period comparable to the relevant Interest Period which appears on the Reuters Screen LIBO page at or about 11.00 a.m. (London time) on the second Business Day prior to commencement of each respective Interest Period; or

(c) if no such offered quotation appears on the Telerate Page 3750 or 3740 as applicable or one only or no such offered quotation appears on the relevant Page of the Reuters Screen at or about 11.00 a.m. (London time) on the second Business Day prior to commencement of each respective Interest Period (or if there is no relevant Page on the Reuters Screen), the arithmetic mean (rounded upwards, if necessary, to four decimal places) of the per annum rates, as supplied to the Agent at its request, quoted by the London offices of Barclays Bank plc, Morgan Guaranty Trust Company of New York and National Westminster Bank plc for the offering of deposits in the currency of the Loan (or part) in an amount comparable to the Loan (or part) and for a period equal to the relevant Interest Period.

For the purposes of this definition, "Telerate Page 3750" means the display designated as "Page 3750", and "Telerate Page 3740" means the display designated as "Page 3740", on the Telerate Service (or such other page as may replace Page 3750) or Page 3740, as the case may be, on that service or such other service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for deposits in USD.

"Licences" means the KB Licence and the Vimpelcom-Region Licence.

"Loan" means the total amount of principal from time to time outstanding hereunder.

"**Majority Lenders"** means:

(a) if there are no Loans then outstanding, a Lender or Lenders whose Commitments aggregate more than 66 2/3% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66 2/3% of the Total Commitments immediately prior to the reduction); or

(b) at any other time, a Lender or Lenders whose participations in the Loans then outstanding aggregate more than 66 2/3% of all the Loans then outstanding.

"Mean Delivery Date" means in respect of (i) Tranche No. 1 October 27, 2002 and (ii) Tranche No. 2 June 15, 2003 and (iii) Tranche No. 3 August 28, 2003, or such earlier date as may be determined by the Agent due to the EKN interpretation of the OECD Consensus Rules.

"Nordea Group" means Nordea Bank Finland Plc, Nordea Bank Danmark A/S and Nordea Bank Norge ASA.

"Party" means a party to this Credit Agreement.

"Related Person" has, for the purposes of clause 9.2 (f) of this Credit Agreement, the meaning specified in the Bond Loan Agreement.

"Repayment Date" means each of the dates provided for in clause 5.1 of this Credit Agreement for the repayment of the Loan, such dates to coincide with an Interest Payment Date.

If a Repayment Date occurs on a day which is not a Business Day such Repayment Date shall occur on the next Business Day in that calendar month (if there is one) or on the preceding Business Day (if there is not).

"SEC" means the Securities and Exchange Commission of the United States of America.

"Security Document(s)" means (a) the Equipment pledge agreement of even date herewith, entered into by the Security Provider, (b) the EKN Offer, (c) the EKN Guarantees and (d) any other document designated by the Borrower and the Lenders (or the Agent as the case may be) as a Security Document from time to time, in each case for the purpose of guaranteeing or securing the obligations and liabilities of the Borrower under this Credit Agreement.

"Security Interest" means any mortgage, pledge, lien, charge, assignment by way of security, hypothecation, security interest or title retention, or any other agreement or arrangement having the effect of conferring security.

"Security Provider(s)" means (a) the Borrower and (b) any other person who is providing security in respect of the Borrower's obligations under this Credit Agreement from time to time.

"Specified Bond Default" means an "event of default" (as defined therein) under the Bond Loan Agreement, taking into account any cure period permitted thereunder, as a result of the breach of clause 14.6 (*Liens*), clause 14.7 (*Incurrence of Indebtedness*), clause 14.8 (*Restricted Payments*), or clause 14.9 (*Asset Sales*).

"Supplier" means Ericsson AB (formerly Ericsson Radio Systems AB) (in its capacity as supplier under the Supply Contract).

"Supply Contract" means the Supply Contract ECR/KK-02:016 dated May 29, 2002 between the Supplier and the Borrower in the amount of USD 42,000,000 with respect to the Equipment and in respect of purchase orders thereunder.

"Total Commitments" means USD 35,700,000, being the aggregate principal amount of the Commitments of the Lenders.

"Tranche" means each or all of Tranche No. 1 and Tranche No. 2 and Tranche 3 as the context may require.

"Tranche No. 1" means the Drawings, being part of the Loan, in respect of deliveries of Equipment made between June 25, 2002 and February 28, 2003.

"Tranche No. 2" means the Drawings, being part of the Loan, in respect of deliveries of Equipment made between March 1, 2003 and September 30, 2003.

"Tranche No. 3" means the Drawings, being part of the Loan, in respect of deliveries of Equipment made between October 1, 2003 and December 30, 2003.

"USD" and **"$"** means the lawful currency of the United States of America.

"US GAAP" means generally accepted accounting principles in the United States of America.

"Vimpelcom-Region" means OJSC "Vimpelcom-Region", a Russian open joint stock company.

"**Vimpelcom-Region Licence"** means licence No. 14710 awarded by the Ministry of Communications of the Russian Federation to Vimpelcom-Region and valid until 28 April 2008 and extensions or renewal thereof to operate a DCS-1800 and/or GSM 900 radiotelephone communication system for the Russian regions outside of Moscow.

2. CONDITIONS PRECEDENT

2.1 The obligation of each of the Lenders under this Credit Agreement to make available their respective Commitment is subject to the condition that the Agent shall have received all of the following documents and evidence in form and substance satisfactory to the Lenders three (3) Business Days prior to the proposed first Drawdown Date:

(a) a notarised copy of the charter documents of the Borrower and each Security Provider, save for EKN;

(b1) certified abstracts from the resolutions of the finance committee and the board of directors of the Borrower and each Security Provider, save for EKN, authorising it (or other evidence acceptable to the Agent as to the authority of the Borrower and each Security Provider, save for EKN) to enter into, execute and perform their respective obligations under this Credit Agreement and the relevant Security Document(s);

(b2) a notarised copy of the certificate of registration of the Borrower and each Security Provider (save for EKN) issued by the relevant authorities;

(b3) a notarised copy of any certificates of registration of any amendments to the charter of the Borrower and each Security Provider (save for EKN);

(b4) copies, certified by an authorised signatory, of the relevant entity of the resolutions or orders appointing the Chief Executive Officer and the Chief Accountant of the Borrower and each Security Provider (save for EKN);

(b5) copies, certified by an authorised signatory of the Borrower, of certificates from the relevant State Tax Authority issued to the Borrower and each Security Provider (save for EKN) confirming the tax registration number of such entities;

(c) a certified copy of the Information on the Loan Agreement (in the form established by the Instruction No. 101-I of the Central Bank of the Russian Federation dated September 10, 2001) duly numbered, signed, stamped and dated by a responsible person in the Russian authorised bank servicing the loan;

(d) certified copies of the Licences;

(e) [intentionally omitted];

(f) the Security Document(s) (save for the EKN Offer and the EKN Guarantees) duly entered into on behalf of each Security Provider that is a party thereto together with evidence that each Security Interest created by the Security Document(s) confers or, upon acquisition of title to the Equipment covered by such Security Interest and entry of such Security Interest in the pledge book of the Borrower in accordance with the relevant Security Document, will confer a first priority and fully perfected Security Interest in favour of the Lenders or the Agent, as the case may be;

(g) the latest available audited US GAAP financial statements and report (containing a balance sheet and profit and loss account) of the Borrower and each Security Provider;

(h) a copy, certified by an authorised signatory of the Borrower, of an extract from the Borrower's pledge book recording the pledge of the Equipment received by the Borrower;

(i) evidence that all fees and expenses, which are due and payable under clause 7 of this Credit Agreement, have been paid in full when due;

(j) the EKN Offer;

(k) a legal opinion from an independent counsel to the Agent in the Russian Federation as to the legality, validity and binding status, as well as enforceability of this Credit Agreement and the Security Document(s) under the laws of the Russian Federation and such other matters as the Agent or the Lenders may reasonably request;

(l) a legal opinion from an independent counsel to the Agent in Sweden as to the (i) legality, validity and binding status, as well as enforceability of this Credit Agreement under the laws of Sweden and (ii) the legality, validity and binding status of the EKN Offer as an offer and such other matters as the Agent or the Lenders may reasonably request;

(m) evidence that Law Debenture Corporate Services, or another company acceptable to the Lenders, has agreed to act as the agent of the Borrower for the service of process, as provided for in clause 19.(5) of this Credit Agreement;

(n) a written confirmation executed by the General Director of the Borrower (or his duly authorised representative) stating that (i) there are/there are no interested parties (as defined in Article 81 of the Federal Law of the Russian Federation "On Joint Stock Companies") in relation to the Borrower which are interested in the transactions contemplated in this Credit Agreement or any of the Security Documents, and (ii) that the conclusion of and the performance of the Borrower's obligations under this Credit Agreement and Security Documents and any related documents would/would not constitute a major transaction for the Borrower (as defined in Article 78 of the Federal Law of the Russian Federation "On Joint Stock Companies");

(o) copies of permissions and licences (including without limitation any Central Bank of Russia permissions and licences) necessary for the Borrower to effect payments under this Credit Agreement to the Lenders;

(p) evidence satisfactory to the Agent that the Borrower has reimbursed the Agent for the amounts of the EKN Premium as will be due and payable in connection with the EKN Guarantee in respect of Tranche No. 1, as evidenced by an invoice from the Agent to the Borrower, such invoice to be based on the Borrower's estimated aggregate amount of all Drawings to be made under Tranche No. 1 (to be notified by the Borrower to the Agent); and

(q) such other documents, certificates, opinions and other matters as the Agent may reasonably require and which might affect the ability of the Borrower to fulfil its obligations hereunder or which might affect the ability of any Security Provider (other than EKN) to fulfil its obligations under the Security Documents.

2.2 The obligation of the Lenders to grant any Drawing hereunder for reimbursement of payments under the Supply Contract is subject to the further condition that, at each Drawdown Date:

(a) the representations and warranties set out in clause 8.1 of this Credit Agreement are correct and will be correct immediately after such Drawing;

(b) no Default shall have occurred or would occur as a result of such Drawing;

(c) the amount of any Drawing is calculated in accordance with clause 3.2 of this Credit Agreement;

(d) the total amount of such Drawing together with all Drawings previously made hereunder does not exceed the Total Commitments;

(e) the EKN Offer or the EKN Guarantee(s), whichever is relevant, remains in full force and effect;

(f) the Agent has received a satisfactory written confirmation from the Supplier that (i) 90% of the portion of the Contract Price attributable to the Equipment identified in the relevant Drawdown Notice in respect of Delivery Reimbursable Amounts has been paid in clear funds to the Supplier, in the case of a Drawdown Notice in respect of Delivery Reimbursable Amounts, and/or (ii) 100% of the portion of the Contract Price attributable to the Equipment identified in the relevant Drawdown Notice in respect of Acceptance Reimbursable Amounts has been paid in clear funds to the Supplier, in the case of a Drawdown Notice in respect of Acceptance Reimbursable Amounts, such confirmation always to be accompanied by a list of the invoices in respect of which the confirmation of payment is made;

(g) the Agent has received satisfactory evidence that the Borrower has paid all amounts due pursuant to clause 7 of this Credit Agreement; and

(h) the Agent has received satisfactory evidence that the Borrower has reimbursed the Agent for the amounts of the EKN Premium as will be due and payable in connection with the EKN Guarantee(s) in respect of the relevant Tranche, as evidenced by an invoice from the Agent to the Borrower, such invoice to be based on the Borrower's estimated aggregate amount of all Drawings to be made under the relevant Tranche (to be notified by the Borrower to the Agent as soon as practicable prior to the beginning of the respective Tranche, provided that the Agent shall cooperate in good faith with the Borrower to ensure fulfilment of this clause 2.2(h) without any delay).

3. LOANS

3.1 On the terms and conditions set out in this Credit Agreement the Lenders agree to make available to the Borrower advances up to an aggregate amount not exceeding the Total Commitments for the sole purpose of financing (by way of reimbursement of) up to 85% of the amounts from time to time paid by the Borrower under the Supply Contract (excluding for the avoidance of doubt any applicable Russian VAT, other taxes and duties).

3.2 Provided that the Borrower has complied with its obligations pursuant to clauses 2.1 and 2.2 of this Credit Agreement, and subject to the terms of this Credit Agreement, the Borrower may send a Drawdown Notice to the Agent, exactly specifying (and attaching copies of) the relevant invoice/s and their amount/s as well as to which Tranche the Drawing relates and whether it is in respect of Acceptance Reimbursable Amounts or Delivery Reimbursable Amounts, and requesting a Drawing under this Credit Agreement for an amount equal (subject to clause 3.4 of this Credit Agreement) to the relevant payments to the Supplier, being either 75% of the aggregate portion of the Contract Price stated in such invoices (excluding any VAT, taxes and duties applicable to such invoices) in the case of Delivery Reimbursable Amounts, or 10% of the aggregate portion of the Contract Price stated in such invoices (excluding any VAT, taxes and duties applicable to such invoices) in the case of Acceptance Reimbursable amounts.

3.3 Following receipt by the Agent of a Drawdown Notice duly completed in accordance with the form set forth in Exhibit 3 hereto (including the copies of relevant invoices) during the Drawdown Period, the Lenders shall, subject to the terms and conditions of this Credit Agreement, not later than three (3) Business Days after receipt of such Drawdown Notice pay the corresponding amount (less any VAT, taxes and duties applicable to such invoice) into the Account of the Borrower provided, however, that the Lenders shall not be obliged to advance any Drawings to the Borrower after February 20, 2004. For the avoidance of doubt, (i) a Drawdown Notice needs to be received by the Agent not later than 10.00 a.m. Stockholm time on a Business Day in order for such Drawdown Notice to be considered to be received on that Business Day and (ii) as used in this clause 3.3, "duly completed" means in the form of Exhibit 3 hereto and with invoices which conform to the invoices and amounts covered by such Drawdown Notice. If the Agent determines in its reasonable discretion, that a Drawdown Notice is not duly completed, it shall promptly notify the Supplier and the Borrower and cooperate with them in good faith so that such Drawdown Notice may be duly completed.

Following receipt by the Agent of a Drawdown Notice, the Agent shall send such Drawdown Notice (excluding the relevant invoices) to the Lenders without delay. Not later than 10.00 a.m. Stockholm time on the succeeding Business Day the Agent shall send a notice to the Lenders with the details of the advance to be made, provided that the Drawdown Notice (including the relevant invoices) is in form and substance satisfactory to the Agent. A Drawdown Notice received by the Agent on a day which is not a Business Day is deemed to have been received on the succeeding Business Day.

3.4 Each Lender will participate in each Drawing made pursuant to clauses 3.1-3.3 of this Credit Agreement in the proportion borne by its available Commitment to the available Total Commitments immediately prior to the making of that Drawing.

3.5 The obligations of each Lender hereunder are several and neither the Agent nor any Lender shall be responsible for any failure by any other Lender to meet its obligations hereunder nor shall such failure relieve the Borrower, the Agent or the remaining Lenders of their respective obligations hereunder.

4. INTEREST

4.1 With respect to each Interest Period, the Borrower shall pay interest (as determined in accordance with clause 4.2) on the Loan on the last day of each such Interest Period.

4.2 The rate of interest applicable to each Drawing from time to time for each Interest Period shall be the aggregate of (i) LIBOR for such Interest Period, and (ii) a margin of seventy hundredths of one (0.70) per cent per annum.

4.3 [intentionally omitted].

4.4 In the event that the Agent does not receive on the due date any amount payable under this Credit Agreement (taking into account any grace period provided under clause 11.1(a) of this Credit Agreement, in which case the rate of interest specified in clause 4.2 of this Credit Agreement shall be applied), the Borrower shall on demand pay interest on such amount from and including the due date to the date such amount is received by the Agent at the rate of three (3) per cent per annum above the rate specified in clause 4.2 of this Credit Agreement.

5. REPAYMENT AND PREPAYMENT

5.1 The Borrower shall repay the Loan

in respect of Tranche No. 1, in six (6) equal semi-annual consecutive instalments, commencing six (6) months after the Mean Delivery Date for Tranche No. 1, however, not later than April 27, 2003.

In respect of Tranche No. 2, in six (6) equal semi-annual consecutive instalments, commencing six (6) months after the Mean Delivery Date for Tranche No. 2, however, not later than December 15, 2003.

In respect of Tranche No. 3, in six (6) equal semi-annual consecutive instalments, commencing six (6) months after the Mean Delivery Date for Tranche No. 3, however, not later than February 28, 2004.

5.2 The Borrower may, by giving not less than five (5) Business Days' prior written notice to the Agent, prepay the Loan in whole or in part, in an amount of not less than USD 1,000,000. Any such partial prepayment shall be applied against scheduled repayments of the Loan in the inverse order of maturity. For the avoidance of doubt, no amount prepaid hereunder may be reborrowed. The Borrower shall, upon presentment of documentation of such amounts, reimburse the Lender for all costs and expenses in relation to such prepayment, including, but not limited to, costs for broken funds, and any costs relating to the EKN Guarantee(s) for the amount prepaid which have not previously been reimbursed by the Borrower together with all sums payable under clause 12.3 in connection with such prepayment.

5.3 Following a Default (other than a Default under clause 11.1(a)) which is subject to a grace period, the Borrower may prepay the Loan in full (together with all other amounts outstanding under this Credit Agreement) within any originally applicable grace period forthwith upon notice to the Agent, notwithstanding the provisions in clause 5.2 of this Credit Agreement. The Borrower shall, upon presentment of documentation of such amounts, reimburse the Lenders for all costs and expenses related to such prepayment, including, but not limited to, costs for broken funds, and any costs relating to the EKN Guarantees for the amount prepaid which have not previously been reimbursed by the Borrower together with all sums payable under clause 12.3 in connection with such prepayment.

5.4 If the Borrower prepays all or any portion of the Loan in accordance with clause 5.2 and the Agent and the Lenders receive any refund of any fee paid in respect of the EKN Guarantees, such refund shall be applied to the obligations of the Borrower under this Credit Agreement in the order specified in clause 6.5 and, to the extent that any amount remains after payment in full of such obligations, paid to the account of the Borrower. The Agent and the Lenders shall cooperate in good faith with the Borrower to request any refund to which they or the Borrower may be entitled forthwith upon the prepayment of all or any portion of the Loan.

6. PAYMENTS

6.1 The Agent shall not later than (a) ten (10) Business Days before (i) each Interest Payment Date on which interest is due hereunder and (ii) each Repayment Date, notify the Borrower in writing in the form of an original invoice on the Agent's letterhead with the signature of the authorized officer, of the amount of the interest and instalment (if any) due on such day and the current interest rate and (b) five (5) Business Days before any other payment is due hereunder, notify the Borrower in writing of the amount and due date of such payment, provided, however, that the failure by the Agent to give such notice shall not affect the Borrower's obligation to pay any amount hereunder on its due date.

6.2 The Borrower shall make all payments to be made to the Agent for the account of the Lenders under this Credit Agreement in immediately available freely transferable and cleared funds to (swift code NDEASESS) account No. 001 1 796323 with JP Morgan Chase Bank, New York (swift code CHASUS33) stating reference "International Loan Administration, H 352" or, subject to compliance with applicable Russian currency control requirements, to any other bank account specified to the Borrower by the Agent, from time to time. The Borrower and the Agent shall cooperate in good faith in connection with complying with applicable Russian currency control requirements in the event that the Agent wishes to change the account or bank at which it receives payments hereunder.

6.3 Whenever a payment is due on a day which is not a Business Day, such payment shall be made on the next Business Day, unless the next Business Day falls in another calendar month, in which case the payment shall instead be made on the preceding Business Day.

6.4 Amounts payable in respect of costs, expenses, losses, indemnities and taxes and the like are payable in the currency in which they are incurred. All other amounts payable hereunder shall be paid in USD.

6.5 If the Lenders receive a payment insufficient to discharge all the amounts then due and payable by the Borrower under this Credit Agreement, the Lenders should apply that payment towards the obligations of the Borrower under this Credit Agreement in the following order:

First, in or towards payment of any unpaid fees, costs and expenses;
Second, in or towards payment of any accrued but unpaid interest;
Third, in or towards payment of any principal due but unpaid; and
Fourth, in or towards payment of any other sum due but unpaid.

6.6 All payments hereunder shall be made by the Borrower without any set-off or counterclaim whatsoever.

6.7 All payments hereunder shall be made free and clear of any deductions or withholdings whatsoever required under Russian law. In the event that the Borrower is required by Russian law to make any deduction or withholding on account of tax or otherwise from any such payments, or there is an increase in the existing taxes or levies on such payments, the sum due from the Borrower shall be increased to the extent necessary to ensure that, after such deduction or withholding is made, the Lenders receive a net sum equal to the sum which the Lenders would have received had no deduction or withholding been made. The Borrower shall indemnify the Lenders in respect of any liability of the Lenders with respect to such taxes or withholdings upon demand supported by documentary evidence. The Lenders (or the Agent as the case may be) and the Borrower shall assist each other on a best efforts basis with necessary documents relating to the applicability of the relevant double taxation treaty to the payments hereunder.

6.8 The Agent shall maintain in accordance with its usual practice a bookkeeping account or accounts evidencing the amounts from time to time lent by, owing to and paid to it for the account of the Lenders pursuant to this Credit Agreement and such account or accounts are, in the absence of manifest error, *prima facie* evidence of such amounts.

6.9 Interest and applicable fees shall accrue from and including the first day of each applicable period to the last day of such applicable period and on the basis of the actual number of days elapsed in a (three hundred sixty) 360 day year.

7. FEES AND EXPENSES

7.1 The Borrower shall within three (3) Business Days after the execution of this Credit Agreement pay to the Agent for account of the Lenders in accordance with their respective Commitments an arrangement fee of fifty hundredths of one (0.50) per cent calculated on the Total Commitments.

7.2 The Borrower shall pay to the Agent for account of the Lenders in accordance with their respective Commitments a commitment fee of thirty-three hundredths of one (0.33) per cent per annum calculated on the daily undrawn Total Commitments during the period from (and including) the date hereof until the last day of the Drawdown Period.

7.3 The Borrower shall further pay to the Agent for its own account a flat agency fee of USD 10,000 payable annually in advance on the date of execution and delivery of this Credit Agreement and on each anniversary thereof, with the fee for any period of less than a year between the due date for such fee and the final Repayment Date for Tranche 2 (or Tranche 3, if applicable), being prorated for the actual number of days in such period and with no refund of any already paid agency fee being payable by the Agent in the event of any prepayment of the Loan.

7.4 The commitment fee shall be paid in arrears on the last day of each Interest Period, provided that the final payment of the commitment fee shall be paid within ten (10) days from the last day of the Drawdown Period, or if earlier, within ten (10) days from the last Drawdown Date.

7.5 Upon the Agent's written demand and presentation of a copy of an invoice from EKN for such amount, the Borrower shall within five (5) days from receipt of such demand pay to the Agent the amount of the EKN Premium specified in the applicable invoice(s) issued by EKN with respect to amounts not already reimbursed by the Borrower to the Agent in accordance with clause 2.1 (p) and 2.2 (h), provided that such amounts have not been caused due to the Agent's gross negligence.

The Borrower and the Agent acknowledge that in case the aggregate amount of all Drawings made under a Tranche (i) exceeds the amount estimated by the Borrower, EKN will charge an additional EKN Premium in respect of the exceeding amount including interest thereon, such interest to be based on the so called OECD CIRR Base Rate or (ii) is less than the amount estimated by the Borrower, EKN will either (a) reimburse the Agent with a proportional part of the related EKN Premium (without interest) or (b) set-off the amount in question towards the EKN Premium charged in connection with the following Tranche (provided that there is one).

7.6 Upon at least three (3) Business Days' prior irrevocable written (including telecopy) notice to the Agent, the Borrower may permanently terminate all or any portion of the unfunded Total Commitments. If the Lenders receive any refund of any fee paid in respect of the EKN Guarantee(s) in connection with any such termination of all or any portion of the Total Commitments, such refund shall be applied to the obligations of the Borrower under this Credit Agreement in the order specified in clause 6.5 and, to the extent that any amount remains after payment in full of such obligations, paid to the account of the Borrower.

7.7 The Borrower shall, on demand, reimburse the Lenders for all reasonable and documented costs and expenses in relation to (i) the preparation, negotiation and execution of this Credit Agreement and the Security Documents and the granting of the Loan hereunder, (ii) the registration and perfection of all Security Interests created by the Security Documents, (iii) any amendment or waiver of this Credit Agreement or any Security Document requested by the Borrower, (iv) the enforcement or preservation of any rights of the Lender under this Credit Agreement or any of the Security Documents, and (v) all costs and expenses relating to the EKN Offer and the EKN Guarantee(s), in each case of (i) to (v), including, but not limited to, travel expenses and other out-of-pocket expenses, and external legal fees and all taxes thereon; it being understood that the Borrower's obligation in respect of the fees and expenses of counsel to the Lenders shall be as specified in the letter agreement dated November 20, 2002, between the Agent and the Borrower.

8. REPRESENTATIONS AND WARRANTIES

8.1 The Borrower represents and warrants to the Lenders at the date of this Credit Agreement that:

(a) it is duly organised and validly existing under the laws of the Russian Federation as an open joint stock company, with full power, authority and legal right to carry on its business as presently conducted, to own its property and to execute, and to perform all of its obligations under, this Credit Agreement and each Security Document to which it is a party, and all actions required to authorise such execution and performance have been duly taken;

(b) the execution and performance of this Credit Agreement and each Security Document to which it is a party, have not and will not violate any applicable law or regulation or contravene any provision of its constitutional documents or any agreement to which it is a party; its operations have not and will not violate any applicable law or regulation or any agreement to which it is a party, which violation could have a material adverse effect on its business or financial condition or its ability to perform its obligations under this Credit Agreement and each Security Document to which it is a party;

(c) all governmental or other licences, consents and authorisations necessary or desirable for (i) the execution and performance of this Credit Agreement and each Security Document to which it is a party, and (ii) for proper exercise of the Licenses and development and operation of the type of communication system the Licenses relate to, and for the import and operation of the Equipment, have been obtained and are in full force and effect;

(d) this Credit Agreement and each Security Document, constitute legally valid and binding obligations of the Borrower and/or the Security Provider other than EKN, respectively, enforceable in accordance with their respective terms, subject to insolvency laws applicable to creditors generally;

(e) it is not in breach of or in default under any agreement to which it is a party or by which it or any of its assets or property is bound, which breach or default might have a material adverse effect on its business or financial condition, or its ability to perform its obligations under this Credit Agreement and each Security Document to which it is a party;

(f) no litigation, arbitration or administrative proceedings are current or pending or, to its best knowledge, threatened, which might, if adversely determined, have a material adverse effect on its business or financial condition, or its ability to perform its obligations under this Credit Agreement and each Security Document to which it is a party;

(g) neither the Borrower nor any Security Provider other than EKN has taken, nor, to the knowledge of the Borrower, has any other person started any legal proceedings for the bankruptcy or winding-up of the Borrower or any Security Provider other than EKN or for the appointment of a receiver, administrator or similar officer of the Borrower or any Security Provider other than EKN;

(g1) no Default has occurred and is subsisting;

(h) the latest annual audited Russian financial statements of the Borrower have been prepared in accordance with the laws of the Russian Federation, the latest audited financial statements of the Borrower and its subsidiaries filed by the Borrower with the SEC have been prepared in accordance with US GAAP, and the latest unaudited financial statements of the Borrower and its subsidiaries filed by the Borrower with the SEC have been prepared in accordance with US GAAP (subject to customary year end adjustments) and, since the date of the most recent financial statements filed with the SEC there has been no material adverse change in the condition (financial or otherwise) or affecting the business, prospects, financial position or results of operations of the Borrower or the Borrower and its subsidiaries taken as a whole;

(i) the Borrower has made available to the Lenders the Borrower's annual report for the fiscal year ended December 31, 2001 filed on Form 20-F with the SEC, together with subsequent filings by the Borrower with the SEC (copies of each of which have been made available to the Agent) and has provided other written or formally presented information about the Borrower and its subsidiaries; none of such information contained, at the time it was prepared, any material misstatement of fact, or omitted at such time to state any material fact necessary to make the statements therein, in the light of the circumstances in which they were given, not misleading; provided, that to the extent that any such information was based upon or constitutes a forecast or projection, the Borrower represents only that it acted in good faith and utilized what it believed to be reasonable assumptions at the time that such information was prepared and due care in the preparation of such information;

(j) [intentionally omitted];

(k) the Security Interest created under the Security Documents constitutes a perfected Security Interest in favour of the Agent for the benefit of the Lenders securing the Borrower's obligations to the Lenders under this Credit Agreement and such Security Interest is in full force and effect and enforceable in accordance with its terms and constitutes a first priority Security Interest subject only to mandatory provisions of law which create super priority for certain classes of creditors;

(l) no event or series of events have occurred (including, but not limited to, the revocation or non-renewal of any licence, consent or authorisation) which might have a material adverse effect on the business or financial condition of the Borrower or any Security Provider, or on their ability to fully perform their obligations under this Credit Agreement or the Security Documents;

(m) it has not entered into any agreement in respect of Debt under which the maturity of such Debt may be accelerated prior to its stated maturity date as the result of a default (howsoever described, other than as a result of the breach of a covenant to pay principal or interest or a Specified Bond Default) under any other agreement in respect of Debt of the Borrower with an aggregate principal amount in excess of $10 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default); and

(n) to the best of the Borrower's knowledge and without any duty of inquiry by the Borrower of any third person, none of the following events has occurred or is occurring with regard to the Borrower or any Security Provider (save for EKN): (a) implementation of the measures for the prevention of bankruptcy of the Borrower or any Security Provider (save for EKN), including, but not limited to, implementation of pre-judicial recovery (*dosudebnaya sanatsiya*); (b) they seeking, consenting or acquiescing in the introduction of proceedings for their liquidation or bankruptcy or the appointment of a liquidation commission (*likvidatsionnaya komissiya*) or a similar officer of them; (c) the presentation or filing of a petition in respect of it in any court, arbitrazh court or before any agency alleging or for its bankruptcy, insolvency, dissolution, liquidation (or any analogous proceeding); (d) the institution of the supervision (*nablyudeniye*), financial recovery (*finansovoe ozdorovleniye*), external management (*vneshneye upravleniye*), bankruptcy management (*konkursnoye upravleniye*) over them and/or the appointment of a temporary manager (*vremenniy upravlayushiy*), administrative manager (*administrativniy upravlayushiy*), external manager (*vneshniy upravlayushiy*), bankruptcy manager (*konkursniy upravlayushiy*) or similar officer of them; (e) the convening or announcement of an intention to convene a meeting of their creditors for the purposes of considering an amicable settlement; (f) any extra-judicial liquidation or analogous act in respect of them by any governmental, regulatory or supervisory body in or of the Russian Federation (in each case, as the above terms are defined in the Federal Law of the Russian Federation No. 127-FZ "On Insolvency (Bankruptcy)" of October 26, 2002); (g) or any other similar proceeding is commenced against the Pledgor causing any other similar condition or event contemplated by sub-clauses (a) - (f) hereof.

9. COVENANTS

9.1 Affirmative Covenants

As long as any of the Borrower's obligations are outstanding under this Credit Agreement the Borrower will:

(a) maintain its corporate existence as an open joint stock company registered in Russia and preserve and keep in full force and effect its rights (charter and statutory), licences and franchises necessary for it to carry on its business and operations, except to the extent that the failure to preserve and keep in full force and effect any such right, licence or franchise could not reasonably be expected to have a material adverse effect on its business or financial condition or its ability to perform its obligations under this Credit Agreement and each Security Document to which it is a party;

(b) comply (and take all corporate action within its power to procure that Vimpelcom-Region complies) in all material respects with all applicable laws, regulations, regulatory authorisations and licences (including the Vimpelcom-Region Licence) necessary for the operation of the Equipment;

(c) file all relevant tax returns and pay all taxes promptly upon the same becoming due except to the extent that the taxes are being contested in good faith and by appropriate means and adequate reserves have been set aside;

(d) maintain proper and accurate books and records in accordance with the laws of the Russian Federation and maintain accounts on a consolidated basis in accordance with US GAAP consistently applied;

(e) purchase and maintain (or take all corporate action within its power to procure that Vimpelcom-Region purchases and maintains) adequate insurance covering loss, damage or destruction of the Equipment in an amount equal to or in excess of the Loan, and all other risks normally covered by an insurance of equipment of the same kind;

(f) [intentionally omitted];

(g) [intentionally omitted];

(h) at its own expense, keep (or take all corporate action within its power to procure that Vimpelcom-Region at its own expense keeps) the Equipment in good working order and condition, ordinary wear and tear permitted, and not do or permit to be done anything which may expose any part of the Equipment to detention or destruction, and procure that the Lenders shall have the right, at any time and on reasonable notice, to inspect the Equipment, or instruct a third party to carry out inspection on its behalf;

(i) procure that its obligations under this Credit Agreement do and will rank at least *pari passu* with all its present and future unsecured, unsubordinated obligations, except for obligations, which are mandatorily preferred by law;

(j) immediately upon becoming aware of any such necessity, apply for and procure the obtaining of any new or amended permissions and licences (including without limitation any Central Bank of Russia permissions and licences) needed by the Borrower to effect payments under this Credit Agreement to the Agent for the benefit of itself and the Lenders (bearing in mind the representation and warranty given by the Borrower in clause 8.1.(c)) ;

(k) forthwith notify the Agent if it enters into any agreement in respect of Debt which would render the Borrower unable to give the representation and warranty set forth in clause 8.1(m) of this Credit Agreement as of the date of such agreement; and

(l) notify the Agent promptly upon becoming aware of any Change of Ownership.

9.2 Negative Covenants

As long as any of the Borrower's obligations are outstanding under this Credit Agreement the Borrower will not, without the prior written consent of the Agent:

(a) conduct any other business apart from the operation of telecommunications services, and businesses ancillary thereto, including providing services and leasing equipment to subsidiaries in the business of providing telecommunications services (for the avoidance of doubt, the Borrower may, without the prior written consent of the Agent, engage in any business constituting a "Permitted Business" under and as defined in the Bond Loan Agreement);

(b) create, incur, or suffer to exist any Security Interest in the Equipment (other than in favour of the Lenders);

(c) incur any Debt except as permitted by clause 14.7 of the Bond Loan Agreement;

(d) declare or pay any dividend or make any distribution except as permitted by clause 14.8 of the Bond Loan Agreement;

(e) sell, transfer, or otherwise dispose of any assets except as permitted by clause 14.9 (a) and (d) of the Bond Loan Agreement;

(f) enter into any transaction with any Related Person or Affiliate except as permitted by clause 14.10 of the Bond Loan Agreement;

(g) enter into or become subject to any reorganisation, whether by way of merger (*sliyaniye obshestva*), company accession (*prisoedinyeniye obshestva*), company division (*razdelyeniye obshestva*), company separation (*vydelyeniye obshestva*), company transformation (*preobrazovaniye obshestva*), company liquidation (*likvidatsiya obshestva*) or any other company reorganisation (*reorganizatsiya obshestva*) (as these terms are construed by applicable Russian law) or otherwise other than a merger with KB Impuls, or Vimpelcom-Region and other wholly-owned subsidiaries in which the Borrower is the surviving entity; or

(h) amend its constitutional documents in a way, which would have a material adverse effect on the ability of the Borrower to perform its obligations under this Credit Agreement or any of the Security Documents to which it is a party.

10. INFORMATION

10.1 At the request of the Agent, the Borrower undertakes and agrees to promptly furnish to the Agent:

(a) all information in the Borrower's (or Vimpelcom-Region's) possession regarding the Equipment, its use, location and condition;

(b) budget and projections for the Borrower's operations;

(c) such information concerning the business, assets and financial conditions of the Borrower or any Security Provider, which may reasonably be requested by the Agent.

10.2 The Borrower shall submit to the Agent (a) its and each Security Provider's (save for EKN 's) annual audited financial statements (in the case of the Borrower prepared in conformity with US GAAP consistently applied) as soon as such statement becomes available, and in any event not later than one hundred eighty (180) days after the end of each fiscal year, and (b) its and each Security Provider's (save for EKN 's) quarterly unaudited financial statements for the first three quarters of each financial year within (ninety) 90 days after the end of the respective quarter.

10.3 The Borrower shall forthwith notify the Agent of the occurrence of a Default and of any other event which might have a material adverse effect on the Borrower's ability to perform any of its obligations under this Credit Agreement or any of the Security Documents to which it is a party or the ability of any Security Provider (other than EKN) to perform any of its obligations under the Security Documents to which the Security Provider is a party, and provide the Agent with full details of any steps which the Borrower (or the relevant Security Provider) is taking, or is considering taking, in order to remedy or mitigate the effect of the Default or otherwise in connection with such events.

11. EVENTS OF DEFAULT

11.1 The following events shall constitute Events of Default:

(a) the Borrower shall fail to pay any amount due under this Credit Agreement except where the failure to pay is either:

(i) due to technical problems in the transmission of funds and payment is made within three (3) Business Days of the due date, or

(ii) a shortfall in the amount of interest paid by the Borrower and such shortfall is caused by the failure of the Agent to notify the Borrower of the amount of interest payable in accordance with clause 6.1 of this Credit Agreement and payment of such shortfall is made within five (5) Business Days of notification by the Agent that a shortfall exists which notification shall specify the amount of the shortfall;

(b) the Borrower, or any Security Provider, shall fail to perform or observe any obligation, covenant or undertaking to be performed or observed by it hereunder or any Security Document to which it is a party (other than the obligation to pay any amount due and other than any failure to perform or observe any obligation, covenant or undertaking regarding any consent, licence, or authorisation necessary for the operation of the Borrower's or any Security Provider's business, any such failure being addressed in clause 11.1(k) below) and such failure shall continue unremedied for a period of thirty (30) Business Days from the earlier of the date on which (i) the Borrower or such Security Provider should have become aware of such failure to comply and (ii) the Agent gives a notice to the Borrower requiring the same to be remedied;

(c) any representation or warranty made or repeated, or deemed made or repeated, by the Borrower, or any Security Provider, in this Credit Agreement or any Security Document to which it is a party or in any document or statement delivered in connection with this Credit Agreement or any Security Document to which it is a party shall prove to be incorrect, misleading or breached in any respect reasonably deemed material by the Agent and the Lenders and, in the case of any such representation and warranty relating to the Licences, any other telecommunication licence, or any licence, consent, or authorisation of the Central Bank of Russia, the incorrectness, misleading nature, or breach shall continue for ninety (90) days following notice from the Agent to the Borrower that the Agent considers such incorrectness, misleading nature, or breach to be material;

(d) this Credit Agreement or any Security Document shall for any reason become invalid, unlawful, unenforceable or terminated in accordance with their respective terms, or it is or becomes unlawful for the Lenders in any applicable jurisdiction to give effect to any of its obligations as contemplated by this Credit Agreement and the same shall continue unremedied for a period of ten (10) Business Days after the earlier of the date on which (i) the Borrower or any Security Provider should have become aware of such unlawfulness and (ii) notice thereof is given by the Agent to the Borrower;

(e1) a decree, judgement, or order by a court of competent jurisdiction shall have been entered adjudging the Borrower as bankrupt or insolvent, or approving as properly filed a petition seeking reorganisation of the Borrower under any bankruptcy or similar law, and such decree or order shall have continued undischarged and unstayed for a period of sixty (60) days; or a decree or order of a court of competent jurisdiction over the appointment of a receiver, liquidator, trustee, or assignee in bankruptcy or insolvency of the Borrower or any substantial part of the Borrower's assets or property, or for the winding up or liquidation of the affairs of the Borrower, shall have been entered, and such decree, judgment or order shall have remained in force undischarged and unstayed for a period of sixty (60) days;

(e2) the Borrower, or any Security Provider (other than EKN), shall have instituted proceedings to be adjudicated a voluntary bankrupt, or shall have consented to the filing of a bankruptcy proceeding against it, or shall have filed a petition or answer or consent seeking reorganisation under any bankruptcy or similar law or similar statute, or shall have consented to the filing of any such petition, or shall have consented to the appointment of a custodian, receiver, liquidator, trustee or assignee in bankruptcy or insolvency of it or any substantial part of its assets or property, or shall make a general assignment for the benefit of creditors, or shall have admitted in writing its inability to pay its debts generally as they become due, or shall have, within the meaning of any applicable Russian bankruptcy law, become insolvent, fail generally to pay its debts as they become due, or shall have taken any corporate action in furtherance of or to facilitate, conditionally or otherwise, any of the foregoing;

(f1) default on any Debt of the Borrower with an aggregate principal amount in excess of $10 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) (i) resulting from the failure to pay principal or interest (in the case of interest default or a default in the payment of principal other than at its stated maturity, after the expiration of the originally applicable grace period) in an aggregate amount in excess of $5 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) when due; or (ii) as a result of which the maturity of such Debt has been accelerated prior to its stated maturity date;

(f2) default (howsoever described, other than as a result of the breach of a covenant to pay principal or interest or a Specified Bond Default) under any agreement in respect of Debt of the Borrower with an aggregate principal amount in excess of $10 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount as of the date of such default) as a result of which the maturity of any other Debt may be accelerated prior to its stated maturity date;

(g) any final judgement or order (not covered by insurance) for the payment of money in excess of $5 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount) in the aggregate for all such final judgements or orders against the Borrower (treating any deductibles, self-insurance or retention as not so covered) shall be rendered against the Borrower and shall not be paid or discharged, and there shall be any period of sixty (60) consecutive calendar days following entry of the final judgement or order that causes the aggregate amount for all such final judgements or orders outstanding and not paid or discharged against the Borrower to exceed $5 million (or, to the extent non-U.S. dollar denominated, the U.S. dollar equivalent of such amount) during which a stay of enforcement of such final judgement or order, by reason of a pending appeal or otherwise, shall not be in effect;

(h) the Borrower or any Security Provider (other than EKN) shall discontinue all or a substantial part of its business operations (other than as a result of a merger or other reorganization permitted by this Credit Agreement where the surviving entity continues substantially all of the non-surviving entity's business operations);

(i) the Equipment, the Borrower, any Security Provider (other than EKN), the shares or the assets or business of the Borrower or any Security Provider (other than EKN), or any substantial part thereof shall become nationalised or expropriated;

(j) the Equipment shall become subject to a Security Interest of any kind which is not created under the Security Documents or otherwise permitted under this Credit Agreement, or the Security Interests created by any Security Document shall reasonably deemed by the Agent to be in jeopardy or challenged in any way and the same shall continue unremedied for a period of ten (10) Business Days after the earlier of the date on which (i) the Borrower or any Security Provider should have become aware of such Security Interest, event or challenge and (ii) notice thereof is given by the Agent to the Borrower;

(k) any consent, licence, or authorisation necessary for the operation of the Borrower's or any Security Provider's business is withdrawn or terminated and the same shall continue unremedied for a period of ten (10) Business Days (ninety (90) days in the case of the withdrawal or termination of any of the Licences or any telecommunication licence or licence, consent, or authorisation of the Central Bank of Russia) after the earlier of the date on which (i) the Borrower or any Security Provider should have become aware of such withdrawal or termination and (ii) notice thereof is given by the Agent to the Borrower; and

(l) the expiration of sixty (60) days following a Change of Ownership.

11.2 Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Agent may (and, if so instructed by the Majority Lenders, shall), declare this Credit Agreement to be in default and the Agent may (and, if so instructed by the Majority Lenders, shall), in addition to any other remedies provided herein or by applicable law, elect to:

(a) forthwith cancel, in whole or in part, any portion of the Total Commitments;

(b) declare that the Loan and all interest and all other sums payable under this Credit Agreement have become immediately due and payable or have become due and payable on demand, whereupon the same shall, immediately or in accordance with the terms of such notice, become so due and payable;

(c) enforce all or any of its rights and remedies under this Credit Agreement and any of the Security Document(s).

12. INDEMNITIES AND INCREASED COSTS

12.1 The Borrower shall pay and forthwith on demand indemnify the Lenders (i) against any liability they incur in respect of any Russian stamp, registration and similar taxes, and (ii) any other taxes, duties and other Russian charges levied or imposed against it, each of which is or becomes payable in connection with or relating to the entry into, performance or enforcement of this Credit Agreement or any of the Security Documents, except for taxes on the Lenders' overall net income in Sweden and/or in Germany.

12.2 If there is a change in any law or regulation applicable to any bank or financial institution (the **"Bank")** or its holding company, or in its interpretation or application, or if the Bank or its holding company complies with any direction or request of any competent authority, all in its capacity as Lender under this Credit Agreement, then

(a) the Bank will certify to the Borrower the amount of any increased cost, reduction of return, expense or liability which is referable to the Credit Agreement and which results from any such change or compliance; and

(b) the Borrower will pay that amount to the Bank on the Bank's demand.

12.3 The Borrower shall forthwith on demand indemnify the Lenders against any loss or expense that they sustain or incur as a consequence of the making of any payment of the Loan on a date other than an Interest Payment Date unless the Borrower has delivered to the Agent a written notice no later than thirty (30) days prior to prepayment.

12.4 The Borrower shall forthwith on demand indemnify the Lenders against any loss or liability, which the Lenders incur as a consequence of:

(a) the occurrence of any Default;

(b) the operation of clause 11.2 of this Credit Agreement; or

(c) any payment of principal or interest being received from any source other than from the Borrower.

The Borrower's liability in each case includes but is not limited to any loss of margin or other loss or expense on account of funds borrowed, contracted for or utilised to fund (i) any amount payable under this Credit Agreement, (ii) any amount repaid or prepaid under the Loan or any part thereof.

12.5 If any payment in connection with this Credit Agreement is made or recovered in a currency other than that in which it is required to be paid then, if the payment to the Lenders falls short of the amount unpaid under this Credit Agreement, the Borrower will indemnify the Lenders against the amount of the shortfall on the Agent's demand.

12.6 The indemnities contained in this clause 12 shall not extend to any loss to the extent that such loss is caused by the wilful misconduct or gross negligence of the Agent or any Lender.

12.7 The indemnities contained in this clause 12 shall continue in full force and effect notwithstanding the termination of this Credit Agreement.

13. RIGHTS, REMEDIES AND WAIVERS

13.1 No failure by the Agent or the Lenders to exercise, nor any delay by the Agent or by the Lenders in exercising, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies provided herein are cumulative and not exclusive of any rights or remedies provided by law.

14. UNCONDITIONAL PAYMENTS

14.1 The Borrower expressly acknowledges that this Credit Agreement constitutes an obligation on the Borrower's part that is independent and completely separate from the Supply Contract and the liability of the Borrower to repay the Loan and to pay any other amount under this Credit Agreement on the due dates therefore, shall not be conditional upon:

(i) performance by the Supplier or any other party of the terms of the Supply Contract or any related contract, and shall not be affected by any claim which the Borrower may have against the Supplier; or

(ii) the legality, validity or enforceability of the Supply Contract (including, but not limited to, the absence of any consents or authorisations required in connection with the Supply Contract).

15. MISCELLANEOUS

15.1 The Borrower may not assign any of its rights and/or obligations under this Credit Agreement.

A Lender may at any time assign all or any part of its rights and/or obligations under this Credit Agreement and the relevant Security Documents to (i) EKN, without the prior consent of the Borrower or (ii) to any other internationally recognized financial institution outside of Russia, with the prior written consent of the Borrower, such consent not to be unreasonably withheld or delayed. Notice of such assignment shall be given in writing to the Borrower thirty (30) days prior to such assignment. The out of pocket expenses of the assignor Lender, if any, for such assignment, shall be for the account of such Lender except if such assignment is made after an Event of Default has occurred and is subsisting, in which case such expenses shall be paid or reimbursed by the Borrower. Notwithstanding the foregoing, before any such assignment by a Lender of its obligations hereunder, the Lender shall deliver to the Borrower such agreements and other evidence as the Borrower reasonably requests to the effect that the relevant assignee has irrevocably assumed such obligations. For the avoidance of doubt, (i) a financial institution shall not be considered to be "outside of Russia" if its ultimate parent entity or the largest banking institution in the group of which it is part has significant operations in the Russian Federation and (ii) in no event may a Lender assign all or any part of its rights and/or obligations under this Credit Agreement and the relevant Security Documents to an entity other than EKN or a financial institution outside Russia.

Upon an assignment made in accordance with this clause 15, the Borrower shall on demand by the Agent execute such documents and do all such acts as the Agent may reasonably request to give effect to the assignment.

All references in this Credit Agreement to the Lenders shall after an assignment has been made apply also to the assignee, and the assignee shall be represented by the Agent as agent as if originally a party to this Credit Agreement as a Lender.

15.2 All information, notices, communications, opinions and the like required to be given by the Borrower or to be delivered to the Agent hereunder, if not in the English language, shall be accompanied by a certified English translation. The English version of all such information, notices, communications, opinions and other documents shall as between the parties prevail in the event of any conflict with the non-English versions thereof.

15.3 All notices and other communications under this Credit Agreement shall be in writing and either delivered by hand or sent by telefax or internationally recognised courier, in each case to the address or telefax number of the intended recipient as set out below or as subsequently notified to the other party in accordance herewith. Any such notice or other communications delivered shall be deemed to have been made or delivered when received (in the case of any communication made by telefax) or (in the case of any communication made by internationally recognised courier) when left at that address or (as the case may be) ten (10) days after such internationally recognised courier has acknowledged receipt of such communication properly addressed. A notice or other communications received or deemed received on a non-working day in the place of receipt or after office hours shall be deemed to have been delivered on the following working day in the place of receipt.

Agent
(on behalf of the Lenders):

Nordea Bank Sweden AB (publ)
International Loan Administration, H 352
Attn. Helene Sparrfeldt/Gunder Forsman
Hamngatan 10
SE-105 71 Stockholm, Sweden
Telephone: +46 8 614 70 00
Telefax: +46 8 20 98 94

Borrower:

OJSC "Vimpel-Communications"
10, bldg. 14, 8 Marta str.,
Moscow 127083
Russian Federation
Telephone: +7 095 212 05 12
Telefax: +7 095 755 46 16

For the attention of: Financial Director/Head of Treasury

15.4 This Credit Agreement supersedes all other agreements prior to the date hereof, oral or written, with respect to the subject matter hereof, and contains the entire agreement between the Lenders, the Agent and the Borrower with respect to the transactions contemplated hereunder.

15.5 The Borrower shall, from time to time, do and perform such other and further acts and execute and deliver any and all other further instruments as may be required by law or reasonably requested by the Agent or the Lenders to establish, maintain and protect the rights and remedies of the Lenders and to carry out and effect the intent and purpose of this Credit Agreement.

15.6 The terms and conditions of this Credit Agreement and the Security Documents are confidential and shall neither in whole or in part be disclosed to any person nor published without the prior written consent of the Parties hereto, provided that this clause 15.6 shall not prevent (i) disclosures by either the Borrower or the Lenders as required by the rules of any securities exchange or otherwise by law or ministerial or judicial or parliamentary authority (as such law or authority is applicable to the Borrower or the Lenders) or to the legal or audit or taxation or other professional advisers of the Borrower or the Lenders (provided that such advisers are bound by confidentiality obligations), (ii) the Lenders from disclosing this Credit Agreement and the Security Documents, or its terms or any information proved under such agreements to any entity that is a permitted assignee under clause 15.1 of this Credit Agreement and that undertakes to be bound by this clause 15.6 as if a Party, or (iii) the Borrower from disclosing to its other creditors, the existence of any Default or Event of Default or the express terms of clause 11.1(f2) of this Credit Agreement.

15.7 [intentionally omitted].

15.8 Any certification or determination by the Agent of a rate or amount under this Credit Agreement is, in the absence of manifest error, *prima facie* evidence of the matters to which it relates.

15.9 The Lenders upon providing a five (5) days prior written notice to the Borrower, may set off any matured obligation owed by the Borrower under this Credit Agreement (to the extent beneficially owned by the Lenders) against any matured obligation owed by the Lenders to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lenders may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Lenders may set off an amount estimated by it in good faith to be the amount of that obligation.

15.10 In the event that the making or maintaining the facility by the Lenders has become impossible and / or unlawful by reason of any change after the date of this Credit Agreement in any applicable law or governmental regulation or order or in any requirement of any monetary authority, whether or not having the force of law, or in the interpretation of any of the same, with respect to this Credit Agreement, then the Agent shall notify the Borrower thereof immediately and the Borrower shall, within thirty (30) Business Days after receipt of such notice repay all Drawings and pay accrued interest thereon provided, however, that prior to any such prepayment the Borrower and the Lenders shall negotiate in good faith on the basis of a lawful and practicable proposal to be submitted by the Agent with a view to arriving at a mutually acceptable alternative arrangement and, if such agreement is agreed upon within the period of thirty (30) Business Days, the Borrower shall not be obliged to make any prepayment pursuant to the provisions of this clause 15. The obligations of the Lenders to maintain the facility shall unless otherwise agreed terminate immediately.

Should the Lenders become subject to (i) any form of taxation (other than tax on the overall net income, profit or gain of the Lender, imposed in jurisdiction in which such Lender's principal income or lending office is located) with respect to the Credit Agreement or if new or (ii) amended rules regarding the liabilities of the Lenders with respect to capital or reserve requirements of any kind against any assets of, deposits with, or for the account of, or loan by the Lenders and should such rules affect the obligations under the Credit Agreement; or should the Lenders otherwise become subject to some conditions imposed by any authority in Russia with respect to this Credit Agreement, which will increase such Lender's total cost with respect to the Credit Agreement, the Borrower shall at the request of the Lender pay to the Lender an amount which will compensate the Lender for its increased costs or reduced rate of return.

In the event the Borrower is required to make payment to the Lenders under this clause 15, the Borrower shall have the option to prepay any outstanding amounts in full, by giving the Agent not less than five (5) Business Days irrevocable prior notice of its intention to do so.

15.11 On the first Drawdown Date, each of the Lenders has delivered to the Borrower duly certified copies of certificates issued by the relevant tax authorities of each Lender's jurisdiction and other documents and/or information as may be reasonably requested by the Borrower pursuant to applicable Russian tax laws.

16. THE AGENT, THE SECURITY BENEFICIARY AND THE LENDERS

16.1 Appointment of the Agent

(a) Each of the Lenders hereby appoints the Agent to act as its agent under and in connection with this Credit Agreement and the Security Documents.

(b) Each of the Lenders authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with this Credit Agreement and the Security Documents together with any other incidental rights, powers, authorities and discretions.

16.2 Duties of the Agent

(a) The Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

(b) Except where this Credit Agreement and the Security Documents specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(c) If the Agent receives notice from a Party referring to this Credit Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Lenders and the Borrower.

(d) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Lender (other than the Agent) under this Credit Agreement it shall promptly notify the Lender.

(e) The Agent's duties under this Credit Agreement and any other related document are solely mechanical and administrative in nature.

16.3 No Fiduciary Duties

(a) Nothing in this Credit Agreement constitutes the Agent as a trustee or fiduciary of any other person.

(b) The Agent shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

16.4 [intentionally omitted]

16.5 Business with the Group

The Agent may accept deposits from, lend money to and generally engage in any kind of banking or other business with any of the Security Providers.

16.6 Rights and Discretions of the Agent

(a) The Agent may rely on:

(i) any representation, notice or document received from any Party to this Credit Agreement believed by the Agent to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any Party to this Credit Agreement regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under clause 11.1 (a) (*Non-payment*)) of this Credit Agreement;

(ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and

(iii) any notice or request made by the Borrower is made on behalf of and with the consent and knowledge of all the Security Providers.

(c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) The Agent may act in relation to this Credit Agreement and any related document through its personnel and agents.

(e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Credit Agreement.

(f) Notwithstanding any other provision of this Credit Agreement or any related document to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality provided, however, that the Agent shall promptly notify other Parties in writing.

16.7 Majority Lenders' Instructions

(a) Unless a contrary indication appears in this Credit Agreement and any related document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.

(b) Unless a contrary indication appears in this Credit Agreement and any related document, any instructions given by the Majority Lenders will be binding on all the Lenders.

(c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

(d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.

(e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to this Credit Agreement and any related document.

16.8 Responsibility for Documentation

The Agent is not:

(a) responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, a Security Provider or any other person given in or in connection with this Credit Agreement and any related document; or

(b) responsible for the legality, validity, effectiveness, adequacy or enforceability of this Credit Agreement and any related document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with this Credit Agreement and any related document.

16.9 Exclusion of Liability

(a) Without limiting paragraph (b) below, the Agent will not be liable for any action taken by it under or in connection with this Credit Agreement and any related document, unless directly caused by its gross negligence or wilful misconduct.

(b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to this Credit Agreement and any related document and any officer, employee or agent of the Agent may rely on this clause.

(c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under this Credit Agreement and any related document to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

16.10 Lenders' Indemnity to the Agent

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, within three (3) Business Days of demand, against any cost, loss or liability incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) in acting as Agent under this Credit Agreement and any related document (unless the Agent has been reimbursed by a Security Provider pursuant to this Credit Agreement and any related document).

16.11 Resignation of the Agent

(a) The Agent may resign and appoint any member within the Nordea Group as successor by giving notice to the Lenders and the Borrower.

(b) Alternatively the Agent may resign by giving notice to the Lenders and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint as successor Agent any entity to which a Lender could, in accordance with clause 15.1 of this Credit Agreement, assign its interest.

(c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within (thirty) 30 days after notice of resignation was given, the Agent (after consultation with the Borrower) may appoint as successor Agent any entity to which a Lender could, in accordance with clause 15.1 of this Credit Agreement, assign its interest.

(d) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under this Credit Agreement and any related document.

(e) The Agent's resignation notice shall only take effect upon the appointment of a successor.

(f) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of this Credit Agreement and any related document but shall remain entitled to the benefit of this clause 16. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) After consultation with the Borrower, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above.

16.12 Confidentiality

(a) In acting as agent for the Lenders, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.

16.13 Relationship with the Lenders

The Agent may treat each Lender as a Lender, entitled to payments under this Credit Agreement unless it has received not less than five (5) Business Days prior notice from that Lender to the contrary in accordance with the terms of this Credit Agreement.

16.14 Credit Appraisal by the Lenders

Without affecting the responsibility of any Security Provider for information supplied by it or on its behalf in connection with this Credit Agreement and any related document, each Lender confirms to the Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with this Credit Agreement and any related document including but not limited to:

(a) the financial condition, status and nature of each of the Security Providers;

(b) the legality, validity, effectiveness, adequacy or enforceability of this Credit Agreement and any related document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with this Credit Agreement and any related document;

(c) whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with this Credit Agreement and any related document, the transactions contemplated by this Credit Agreement and any related document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with this Credit Agreement and any related document; and

(d) the adequacy, accuracy and/or completeness of any information provided by the Agent, any Party or by any other person under or in connection with this Credit Agreement and any related document, the transactions contemplated by this Credit Agreement and any related document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with this Credit Agreement and any related document.

16.15 Deduction from Amounts Payable by the Agent

If any Party owes an amount to the Agent under this Credit Agreement and any related document the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under this Credit Agreement and any related document and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of this Credit Agreement and any related document that Party shall be regarded as having received any amount so deducted.

16.16 Parallel Debt

(a) Always subject to terms of this clause 16 of this Credit Agreement, the Borrower hereby irrevocably and unconditionally undertakes to pay to the Security Beneficiary amounts equal to any amounts owing by the Borrower to the Banks under this Credit Agreement as and when the same fall due for payment hereunder, so that the Security Beneficiary shall be the obligee of such covenant to pay and shall be entitled to claim performance thereof in its own name subject to the terms of the Security Documents and not as the Agent acting on behalf of the Lenders.

(b) The Borrower and the Security Beneficiary acknowledge that for this purpose such monetary obligations of the Borrower are substitute obligations which the Borrower has to the Lenders under this Credit Agreement, provided that this shall not result in the Borrower incurring an aggregate monetary obligation to the Security Beneficiary which is greater than the then outstanding monetary obligation to the Lenders under this Credit Agreement.

(c) To this end and without prejudice to the foregoing, it is agreed that (i) the amounts due and payable by the Borrower under this clause 16.16 (the **"Parallel Debt")** shall be decreased to the extent that the Borrower or other Security Provider has paid, redeemed or prepaid any amounts to the Lenders or any of them in respect of the Borrower's liabilities hereunder and vice versa and (ii) the Parallel Debt shall not at any time exceed the aggregate of the corresponding obligations which the Borrower then owes to the Lenders under this Credit Agreement.

(d) Nothing in this clause 16.16 shall in any way negate, affect or increase the obligations which the Borrower has to the Lenders under this Credit Agreement in respect of the Borrower's liabilities hereunder.

(e) For the purpose of this clause 16.16 the Security Beneficiary acts in its own name and on behalf of itself and not as Agent or representative of any other party hereto and any security granted to the Security Beneficiary to secure the Parallel Debt is granted to the Security Beneficiary in its capacity as creditor of the Parallel Debt and solely for the purpose referred to above.

(f) The Security Beneficiary shall promptly transfer to the Agent any amounts received by it pursuant to this clause 16.16 for application by the Agent in accordance with the order prescribed in clause 6 (*Payments*). The Security Beneficiary will be obliged to make such transfer only to the extent that it has actually received the amounts to be transferred.

(g) The Security Beneficiary undertakes to act upon the instructions of the Agent, and in the absence of any such instructions, the Security Beneficiary may act in relation to such security in such manner as it reasonably believes will, and shall use its best endeavours to enforce its rights under the Security Documents so as to, ensure the maximum amount possible is received by it pursuant to this clause 16.16 and available for application in accordance with sub-clause 16.16(f) of this clause 16.16.

17. LIMITATION OF LIABILITY

The Lenders and the Agent shall not be held responsible for any loss or damage from a legal enactment (Swedish or foreign), the intervention of a public authority (Swedish or foreign), an act of war, a strike, a blockade, a boycott or a lockout or any other similar circumstance. The reservation in respect of strikes, blockades, and lockouts applies even if the Lenders or the Agent themselves are subjected to such measures or take such measures.

Any loss or damage that may occur in other circumstances shall not be indemnified by the Lenders or the Agent provided that the Lenders and the Agent have observed general standard of care. No Party shall have any responsibility for indirect losses or damages of any kind of another Party. For the avoidance of doubt, except as otherwise expressly provided by this Credit Agreement, each Party shall be liable for damages caused by its failure to perform its obligations under this Credit Agreement.

Where a circumstance as referred to in the first paragraph prevents the Lenders from making a payment or taking other measures, the making of such payments and the taking of such measures may be postponed until the obstacle no longer exists.

Where a circumstance as referred to in the first paragraph should prevent the Lenders from receiving payments, the Lenders shall, as long as the obstacle exists, be entitled to interest only on the terms prevailing on the date of maturity for the payment.

18 CURRENCY INDEMNITY

If, for the purpose of obtaining an award or judgement in any court it becomes necessary to convert into any other currency (the **"Judgement Currency")** an amount due in a currency under this Credit Agreement then the conversion shall be made at the discretion of the Agent, at the rate of exchange prevailing on the date on which the award or judgement is given (the **"Conversion Date").**

If there is a change in the rate of exchange prevailing between the Conversion Date and the date of actual payment of the amount due, the Borrower will pay such additional amounts (if any), but in any event not a lesser amount, as may be necessary to ensure that the amount paid in the Judgement Currency when converted at the rate of exchange prevailing on the date of payment will produce the amount then due in the currency specified under this Credit Agreement on the Conversion Date.

Any amount due from the Borrower under this clause 18 shall be due for payment as a separate debt and shall not be affected by an award or judgement being obtained for any other sums due under or in respect of this Credit Agreement.

The term "rate of exchange" in this clause 18 means the spot rate which the Agent in accordance with its normal practise is able on the relevant date to purchase the currency under this Credit Agreement with the Judgement Currency and includes any premiums and costs of exchange ordinarily payable in connection with such purchase.

19. ARBITRATION, APPLICABLE LAW AND JURISDICTION

19.1 Arbitration

Any dispute, controversy or claim (a "**Dispute**") arising out of or in connection with this Credit Agreement (including a dispute regarding the existence, validity or termination of this Credit Agreement or the consequences of its nullity) shall be referred to and finally settled by arbitration in accordance with the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce (the "**Rules**").

19.2 Procedure for Arbitration

The arbitral tribunal shall consist of three (3) arbitrators appointed in accordance with the Rules. The seat of arbitration shall be Stockholm and the language to be used in the arbitral proceedings shall be English.

19.3 Waiver of Immunity

To the extent permitted under applicable law, the Borrower waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of:

(i) the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and

(ii) the issue of any process against its assets or revenues for the enforcement of a judgement or, in an action *in rem*, for the arrest, detention or sale of any of its assets and revenues.

19.4 This Credit Agreement shall in all respects be governed by and construed in accordance with the laws of Sweden.

19.5 Without prejudice to any other mode of service, the Borrower:

(i) hereby irrevocably appoints Law Debenture Corporate Services Limited at Princes House, 95 Gresham Street, London EC2V 7LY as its agent for service of process in relation to any proceedings before the Arbitration Institute of the Stockholm Chamber of Commerce in connection with this Credit Agreement and the Security Documents;

(ii) agrees that failure by a process agent to notify it of the process will not invalidate the proceedings concerned;

(iii) consents to the service of process relating to any such proceedings by delivery of a copy of the process to its address for the time being applying under clause 15.3 of this Credit Agreement;

(vi) agrees that if the appointment of any person mentioned in paragraph (i) above ceases to be effective, it shall immediately appoint a further person in London or Sweden, to accept service of process on its behalf in London or Sweden and, failing such appointment within fifteen (15) days, the Lender is entitled to appoint a person by notice to the Borrower; and

(v) agrees that nothing contained herein shall affect the right to serve process in any other manner permitted by law.

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed in four counterparts on the day and year first above written.

As Lender
Nordea Bank Sweden AB (publ)

By: _____
Name:
Title:

By: _____
Name:
Title:

As Borrower
OJSC "Vimpel-Communications"

By: _____
Name: Jo Lunder
Title: General Director

By: _____
Name: Dmitry Steshchenko
Title: Chief Accountant

As Lender
Bayerische Hypo- und Vereinsbank AG

By: _____
Name:
Title:

By: _____
Name:
Title:

As Agent and Security Beneficiary
Nordea Bank Sweden AB (publ)

By: _____
Name:
Title:

By: _____
Name:
Title:

Exhibit 1

FORM OF PLEDGE OF EQUIPMENT AGREEMENT

[attached]

Exhibit 2

CERTIFIED COPY OF THE SIGNED BOND LOAN AGREEMENT

[attached]

Exhibit 3

DRAWDOWN NOTICE

From: OJSC Vimpel-Communications

To: Nordea Bank Sweden AB (publ)

Dated: [*date*]

Dear Sirs,

1. We refer to the agreement (the **"Credit Agreement")** dated January 15, 2003 and made between OJSC Vimpel-Communications as borrower, Nordea Bank Sweden AB (publ) and Bayerische Hypo-und Vereinsbank AG as lenders and Nordea Bank Sweden AB (publ) as agent and security beneficiary. Terms defined in the Credit Agreement shall have the same meaning in this notice.

2. This notice is irrevocable.

3. We hereby give you notice that, pursuant to the Credit Agreement and on [*date of proposed Drawing*], we wish to borrow a Drawing in the amount of USD [*amount in figures*] under Tranche No. [*number of relevant Tranche*] upon the terms and subject to the conditions contained therein.

4. We confirm that, at the date hereof, (i) no event or circumstance has occurred and is continuing which constitutes an Event of Default and (ii) the representations and warranties contained in clause 8 of the Credit Agreement are true in all material respects.

5. The proceeds of this drawdown should be credited to the bank account No. 40702840400001001001 opened with ING Bank (Eurasia) ZAO Moscow, Russia (SWIFT code: INGBRUMM).

6. We enclose the relevant invoice(s).

Yours faithfully

Authorised Signatory
for and on behalf of
OJSC Vimpel-Communications

Filename: d56093_ex4-87.htm
Type: EX-4.87
Comment/Description: Share Purchase Agreement
(this header is not part of the document)

Exhibit 4.87

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this "**Agreement**") dated December 15, 2002 between Telenor Mobile Communications AS, a company organized under the laws of Norway (the "**Seller**"), and Open Joint Stock Company "VimpelCom-Region", an open joint stock company organized under the laws of the Russian Federation (the "**Purchaser**" and, together with the Seller, collectively, the "**Parties**" and, individually, each, a "**Party**").

W I T N E S S E T H :

WHEREAS, the Seller is the owner of 35,035 registered shares of common stock, in uncertificated form, having a par value of one thousand (1,000) Russian rubles each (state share issuance registration numbers 21-1-01390 and 1-02-55001-R, dates of registration May 6, 1997 and July 30, 1997, respectively) (the "**Shares**"), of Closed Joint Stock Company "StavTeleSot", a closed joint stock company organized under the laws of the Russian Federation, located at 10/12 Prospekt Oktyabrskoy Revolutsii, Stavropol, 355000, Russian Federation (the "**Company**"), and the Shares represent 49% of the issued and registered shares of common stock of the Company; and

WHEREAS, the Purchaser wishes to acquire from the Seller, and the Seller wishes to sell to the Purchaser, all of the Shares;

NOW, THEREFORE, the Parties agree as follows:

1. SALE AND PURCHASE OF SHARES

1.1 Upon the terms and subject to the conditions set forth herein, the Seller agrees to sell the Shares to the Purchaser, and the Purchaser agrees to purchase the Shares from the Seller and pay for them (the "**Transaction**").

The consummation of the Transaction (the "**Closing**") shall be held at 10:00 a.m. (Moscow time) at the offices of the Company, located at 10/12 Prospekt Oktyabrskoy Revolutsii, Stavropol 355000, Russian Federation, on the first Business Day (as hereinafter defined) to occur on which each of the conditions precedent specified in Section 4 hereof have been fulfilled or waived (or on such other date as the Parties may agree in writing) (the "**Closing Date**") simultaneously with the Closing under (and as defined in) the Share Purchase Agreement dated the date hereof between OAO "Stavtelecom" ("**Stavtelecom**") and the Purchaser (the "**Stavtelecom Share Purchase Agreement**") (unless the Purchaser shall waive the condition precedent set forth in Section 4.2(c) that the Closing under (and as defined in) the Stavtelecom Share Purchase Agreement shall be simultaneous with the Closing hereunder). The Purchaser shall notify the Seller of (a) the proposed date of the Closing at least five (5) Business Days prior to such proposed Closing Date and (b) upon written notice from the Seller that all conditions specified in Section 4.2 hereof have been satisfied, the actual date of the Closing at least two (2) Business Days prior to such date. The Parties are committed to taking all necessary action so that the Closing will occur no later than March 31, 2003. At the Closing, each and all of the actions specified in Section 4 hereof shall take place, all of which shall be considered to be taking place simultaneously and none of which shall be considered to have taken place unless and until all of such actions shall have taken place. As used herein, "**Business Day**" shall mean a day other than a Saturday, a Sunday or any day on which banks located in New York, New York, U.S.A., Oslo, Norway, London, England or Moscow, Russia are authorized or obliged to close.

1.2 *Deliveries*. At the Closing: (a) the Seller shall deliver to the Purchaser a true and correct extract from the share register of the Company, evidencing that the Shares are duly registered in the name of the Purchaser, free and clear of any Liens (as defined below) (other than the Company's and other shareholders' rights arising under the Company's charter and the Foundation Agreement (as hereinafter defined) and Russian law in respect of future transfers of the Shares), (b) the Purchaser shall deliver to the Seller the Purchase Price in accordance with Section 2.3 hereof, and (c) the Seller and the Purchaser shall execute and deliver the Act of Delivery and Acceptance, substantially in the form of Exhibit A hereto.

2. CONSIDERATION

2.1 *Purchase Price*. The total consideration for the Shares shall be the Russian ruble equivalent of twenty million nine hundred thousand US dollars (US$20,900,000.00) (the "**Purchase Price**"), calculated in accordance with the Exchange Rate (as defined below) on the date of payment, payable in full at Closing. As used herein, "**Exchange Rate**" shall mean the Russian ruble / US dollar official rate, as established by the Central Bank of Russia for the date of payment and published in Rossiiskaya Gazeta or posted on the Central Bank of Russia's website (*www.cbr.ru*) on the date of payment, or, if the payment is made on a day that follows a Sunday or a public holiday, as published in the last issue of Rossiiskaya Gazeta before the date of payment or posted on the Central Bank of Russia's website (*www.cbr.ru*). The Purchase Price shall be inclusive of all taxes and other duties, if any, which the Seller shall be solely responsible for and shall be obligated to pay in connection with the Transaction.

2.2 *Conversion Costs*. The Purchaser shall reimburse the Seller for any and all costs incurred by the Seller in connection with the conversion of the Russian ruble-denominated proceeds of the Purchase Price from Russian rubles into US dollars (including, without limitation, the fees, if any, charged by the Seller's Bank (as hereinafter defined) for such conversion and an amount equal to the difference between the US dollar proceeds of such conversion (at the conversion rate actually applied by the Seller's Bank) and the US dollar proceeds which would have been received by the Seller had the Exchange Rate been used for such conversion) (collectively, the **"Conversion Costs"**); provided, however, that the Purchaser shall reimburse the Seller for such Conversion Costs only if the Seller uses its best efforts to (a) cause such conversion to be effected as soon as possible and in any case not later than one (1) Business Day following the receipt of such payment in the Seller's Russian Bank Account and (b) cause such conversion of Russian rubles into US dollars to be effected at the most favorable rate commercially available to the Seller from the Seller's Bank. The Seller shall notify the Purchaser of the amount of such Conversion Costs (and provide reasonable documentary evidence thereof) within ten (10) Business Days after the receipt of the Purchase Price, and the Purchaser shall reimburse the Seller for the amount specified in such notice by wire transfer to the Seller's Russian Bank Account (as hereinafter defined) within three (3) Business Days of receipt of such notice.

2.3 *Payment of Purchase Price*. Subject to the terms and conditions hereof and in consideration of the sale and transfer of the Shares to the Purchaser by the Seller, on the Closing Date, the Purchaser shall pay to the Seller, by wire transfer, in immediately available funds, to the Seller's Russian Bank Account (as defined below), the Purchase Price. As used herein, "**Seller's Russian Bank Account**" shall mean the Russian ruble-denominated bank account of Telenor East Invest AS, the agent for the Seller, held at ZAO Citibank (the "**Seller's Bank**"), or such other bank account as may be designated in writing by the Seller pursuant to Section 4.2(i). Upon confirmation of receipt of the Purchase Price in the Seller's Russian Bank Account, the Seller shall deliver to the Purchaser a true and correct extract from the share register of the Company, evidencing the due registration of the Shares in the name of the Purchaser, free and clear of any Liens (other than the Company's and other shareholders' rights arising under the Company's charter and the Foundation Agreement and Russian law in respect of future transfers of the Shares).

3. REPRESENTATIONS AND WARRANTIES

3.1 *Representations and Warranties of Seller*. The Seller represents and warrants to the Purchaser that, on and as of the date of this Agreement and on and as of the Closing Date:

(a) The Seller is duly organized and validly existing as a company organized under the laws of Norway and has all requisite corporate and other power and authority to carry on its business as now being and heretofore conducted and to own, use, lease, operate and dispose of the assets and properties which it currently owns, uses, leases and operates.

(b) The Seller has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and to consummate the Transaction, including, without limitation, to sell the Shares to the Purchaser. The execution and delivery of this Agreement by the Seller and the performance by the Seller of its obligations hereunder have been duly and validly authorized, and no other corporate action on the part of the Seller, its board of directors or its shareholders is necessary therefor.

(c) This Agreement has been duly and validly executed and delivered by the Seller and constitutes the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and remedies generally and by general equitable principles (whether applied by a court of law or equity).

(d) The execution, delivery and performance by the Seller of this Agreement and the consummation by the Seller of the Transaction will not:

(i)conflict with or result in a violation or breach of any of the terms or conditions of the Seller's charter (*vedtekter)*;

(ii) subject to obtaining the consents, approvals and actions, making the filings and giving the notices specified in Schedule 3.1(d)(ii) hereto, conflict with or result in a violation or breach of any term or provision of any law or any writ, judgment, decree, injunction or similar order of any governmental or regulatory authority (an "**Order**") applicable to the Seller or any of its assets and properties; or

(iii) subject to obtaining the third party consents specified in Schedule 3.1(d)(ii) hereto, conflict with or constitute a breach of or result in a default under any agreement, letter of intent, lease, evidence of Indebtedness (as hereinafter defined), mortgage, pledge agreement or other contract or understanding (whether written or oral) (collectively, "**Contracts**") or any license, permit, certificate, authorization, approval, registration or consent granted by any governmental or regulatory authority (collectively, "**Licenses**") to which the Seller is a party or by which any of its assets and properties (including, without limitation, any Shares) is bound. As used herein "**Indebtedness**" shall mean, with respect to any Person, all obligations of such Person (A) for borrowed money, (B) evidenced by notes, bonds, debentures or similar instruments, (C) for the deferred purchase price of goods or services (other than trade payable or accruals incurred in the ordinary course of business), (D) under capital leases or (E) in the nature of a guarantee of any obligation described in clauses (A) through (D) above.

(e) Except as specified in Schedule 3.1(d)(ii) hereto, no consent, approval or action of, filing with or notice to any governmental or regulatory authority of the Russian Federation or Norway on the part of the Seller is required in connection with the Seller's execution, delivery or performance of this Agreement or the consummation by the Seller of the Transaction.

(f) There are no actions, suits, administrative proceedings or arbitration proceedings (collectively, "**Actions or Proceedings**") pending or, to the knowledge of the Seller, threatened against, the Seller or any of its assets and properties which could reasonably be expected to result in the issuance of an Order which (i) questions the validity of this Agreement or any action taken or to be taken pursuant hereto or (ii) restrains, enjoins or otherwise prohibits or makes illegal the consummation of any of the transactions contemplated by this Agreement.

(g) The Seller beneficially owns the Shares, free and clear of any mortgage, pledge, assessment, security interest, lease, lien, adverse claim, purchase right, preemptive right, right of first refusal, levy, tax, charge or other encumbrance of any kind, or any similar rights, commitment, claim or demand, or any conditional sale Contract, title retention Contract or other Contract to give effect to any of the foregoing (collectively, "**Liens**") (other than the Company's and other shareholders' rights arising under the Company's charter and the Foundation Agreement and Russian law in respect of future transfers of the Shares). On the Closing Date, the Seller will have full right, power and authority to sell, assign, transfer and deliver the Shares to the Purchaser. Upon registration of the Shares in the name of the Purchaser in the register of the Company's shareholders, against payment therefor in accordance with the terms of this Agreement, good and valid title to the Shares, free and clear of all Liens (other than the Company's and other shareholders' rights arising under the Company's charter and the Foundation Agreement and Russian law in respect of future transfers of the Shares), will be transferred to the Purchaser. The Shares have been duly authorized and validly issued, are fully paid and non-assessable, are not subject to any preemptive or similar rights with respect to the Company or any other shareholder (other than as provided in the Company's charter and the Foundation Agreement and Russian law), and were properly registered with the appropriate authorities competent for registration of the issue of such shares. The Shares are uncertificated. The Shares constitute no less than 49% of the outstanding share capital of the Company.

(h) Except as provided in the Company's charter, the Foundation Agreement and Russian law, there are no outstanding options, warrants or other rights granted or issued by the Company and entitling any Person to purchase or otherwise acquire from the Company any shares of common stock or any other securities of the Company.

(i) Except as specified in Schedule 3.1(i) hereto, all negotiations relating to this Agreement and the transactions contemplated hereby have been carried out by the Seller directly with the Purchaser without the intervention of any Person (as hereinafter defined) on behalf of the Seller in such manner as to give rise to any valid claim by any Person against the Purchaser for any finder's fee, brokerage commission or similar payment. As used herein, "**Person**" shall mean any natural person, corporation, partnership, limited liability company, proprietorship, other business organization, trust, union, association or governmental or regulatory authority, whether incorporated or unincorporated.

(j) Except as disclosed in Schedule 3.1(j) and Schedule 3.2(I) hereto, (i) there is no Indebtedness or other liability of the Company the value of which exceeds US$1,000,000 in the aggregate or (ii) any material Liens on any of the assets and properties of the Company.

(k) All information given by, or on behalf of, the Seller to the Purchaser regarding the Shares is true, complete, accurate and not misleading, no such information contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements herein or therein, in light of the circumstances under which they were made, not misleading, and all material information to which the Seller has access or of which the Seller has knowledge concerning the Shares has been disclosed to the Purchaser.

3.2 *Representations and Warranties of Seller regarding Company*. Subject to the information contained in the documents provided in the data room established by the Seller for the benefit of the Purchaser (a list of which documents is attached hereto as Schedule 3.2(I)), the Seller represents and warrants to the Purchaser that, on and as of the date of execution of this Agreement and on and as of the Closing Date, except as set forth on the Schedules hereto, to the Knowledge of the Seller (as hereinafter defined):

(a) The Company and each of its Subsidiaries (as hereinafter defined) is a closed joint stock company and has been duly organized, is validly existing as a legal entity properly organized, registered and existing under the laws of the Russian Federation, with corporate power and authority to carry on its business as it is currently being conducted and to own, lease and operate its assets and properties.

(b) Except as described in Schedule 3.2(b) hereto, neither the Company nor any of its Subsidiaries is in default under any provision of any Contract to which it is a party or by which it is bound, which involves an obligation of the Company to make payments in any year to any Person exceeding US$50,000 in the aggregate or which default would have a Material Adverse Effect (as hereinafter defined) on the Company and no event has occurred which, but for the passage of time or the giving of notice, would constitute such a default. As used herein, "**Material Adverse Effect**" shall mean, with respect to any Person (as hereinafter defined), a material adverse effect on or with respect to the business, assets, financial condition or results of operations of such Person and its Subsidiaries (as hereinafter defined) taken as a whole. As used herein, "**Subsidiary**" shall mean, with respect to any Person, (i) any corporation in which such Person owns or controls, directly or indirectly, more than fifty percent (50%) of the securities having ordinary voting power for the election of directors or other governing body of such corporation and/or (ii) any partnership, association, joint venture or other entity in which such Person owns or controls, directly or indirectly, more than fifty percent (50%) of the equity interests of such partnership, association, joint venture or other entity.

(c) Neither the Company nor any of its Subsidiaries is on notice with respect to any intended or possible suspension, termination, withdrawal or cancellation of any of its Telecommunications Licenses (as hereinafter defined). Except as disclosed in Schedule 3.2(c) hereto, the Company and each of its Subsidiaries has fulfilled and performed all of its material obligations with respect to its Telecommunications Licenses, and no event has occurred which allows, or after notice or lapse of time would allow, suspension, revocation or termination thereof or would result in any other material impairment of the rights of the Company or any of its Subsidiaries, as applicable, in respect of any such Telecommunications Licenses. No such Telecommunications License contains any restriction that has or could have a Material Adverse Effect on the Company. As used herein, "**Telecommunications Licenses**" shall mean, collectively, the Licenses described in Schedule 3.2(c) hereto.

(d) There are no Actions or Proceedings pending or threatened against the Company or any of its Subsidiaries which, if determined adversely to the Company or any of its Subsidiaries, could reasonably be expected to result in, individually or in the aggregate, any judgments or awards against the Company in excess of US$50,000 or could reasonably be expected to have a Material Adverse Effect on the Company.

(e) As of the date of this Agreement, the entire charter capital of the Company consists of 71,500 shares of common stock. All such shares have been duly authorized and validly issued, are fully paid and non-assessable, are not subject to any pre-emptive or similar rights with respect to the Company or any other shareholder (other than as provided in the Company's charter and the Foundation Agreement and Russian law), and were properly registered with the appropriate authorities competent for registration of the issue of such shares. All of the shares of the Company are uncertificated.

(f) Subject to obtaining the third party consents referred to in Schedule 3.1(d)(ii) hereto, neither the execution of this Agreement nor the consummation of the Transaction will (i) violate any material law, regulation, rule, judgment, Order or other restriction of any governmental or regulatory authority to which the Company is subject or by which any of the assets and properties of the Company is bound, (ii) conflict with or constitute a breach of any terms or provisions of the Company's charter, (iii) conflict with or constitute a breach of or default under any material Contract or License to which the Company or any of its Subsidiaries is a party or by which any of the assets and properties of the Company is bound, (iv) require the mandatory prepayment of any Indebtedness of the Company or any of its Subsidiaries prior to the maturity stated therein, or (v) result in the early termination of any Contract or License to which the Company or any of its Subsidiaries is a party or the imposition of any Lien on any of the assets and properties of the Company or any of its Subsidiaries.

(g) The Company has good and marketable title to, or a valid leasehold interest in, each base station used by it in its business which has a value equal to or in excess of US$20,000.

(h) All material assets of the Company are in good operating condition and in no need of special maintenance or repair.

(i) Except as disclosed in Schedule 3.2(i) hereto, the Company does not hold any shares or other equity interests in any other Person. With respect to each entity listed in Schedule 3.2(i) which is a Subsidiary of the Company, the shares of such Subsidiary owned by the Company constitute no less than the percentage indicated in Schedule 3.2(i) of the outstanding share capital of such Subsidiary, and such shares owned by the Company have been duly authorized and validly issued, are fully paid and non-assessable, are not subject to any pre-emptive or similar rights with respect to the Company or any other shareholder (other than as provided in such Subsidiary's charter and foundation agreement and Russian law), and were properly registered with the appropriate authorities competent for registration of the issue of such shares; and such shares are uncertificated.

(j) The most recent financial statements of the Company were prepared and audited in accordance with Russian accounting standards, consistent with past practice. Such financial statements present the financial position of the Company as of September 30, 2002 in accordance with Russian accounting standards. The accounts receivable of the Company reflected in such financial statements and the accounts receivable arising subsequent to the date of such financial statements arose from bona fide sales transactions in the ordinary course of business and are payable on ordinary trade terms, are legal, valid and binding obligations of the respective debtors generally enforceable in accordance with their terms, are collectible in the ordinary course of business consistent with past practice in the aggregate recorded amounts thereof, net of any applicable reserve reflected in such financial statements, and are not the subject of any actions or proceedings brought by or on behalf of the Company or any of its Subsidiaries (except actions or proceedings against subscribers brought by the Company or any of its Subsidiaries in the ordinary course of business).

(k) The Company owns or has the right to use the intellectual property employed by it in connection with its business as it is currently being conducted.

(l) Since September 30, 2002, there has not been any material adverse change in the condition (financial or otherwise) or prospects of the Company, and, except for the transactions contemplated by this Agreement and the Stavtelecom Share Purchase Agreement and the transactions disclosed in Schedule 3.2(l) hereto, there has been no transaction entered into by the Company which is material to the Company other than in the ordinary course of business.

(m) All information given by, or on behalf of, the Company and the Seller to the Purchaser is true, complete, accurate and not misleading, no such information contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements herein or therein, in light of the circumstances under which they were made, not misleading, and all material information concerning the Company's share capital and the Company's business has been disclosed to the Purchaser.

(n) Neither the Company, nor any of its Subsidiaries, nor any director, officer, agent, employee or other Person acting on behalf of the Company or any of its Subsidiaries has, in the course of its actions for, or on behalf of, the Company (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity, (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (iii) violated (or is in violation of) any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

(o) The Company has duly filed with the appropriate taxing authorities (or has received an extension for filing with respect to) all material tax documents required to be filed by it, and each such tax document was, when filed, accurate and complete in all material respects, and the Company has duly paid, on time, or has made adequate reserves for, or has contested in good faith, all material taxes required to be paid or remitted by it or levied against it and no material tax deficiency is currently asserted against the Company.

(p) Not more than fifty percent (50%) of the assets of the Company consists of real estate situated on the territory of the Russian Federation. Accordingly, under current law, the income received by the Seller from the sale of the Shares hereunder will not be income of a foreign organization from sources in the Russian Federation and will not be subject to any tax being withheld at the source of payment of income for the purposes of Section 309 of the Tax Code of the Russian Federation, or, on or prior to the date of Closing, the Seller will have obtained from the Norwegian tax authorities and provided to the Purchaser confirmation that the Seller is a tax resident of Norway.

(q) Except for any violation or alleged violation of, or default or alleged default under, any law or Order applicable to the Company or any of its assets and properties which has been settled or otherwise resolved, neither the Company nor any of its Subsidiaries is or has received a written notice that it is or has been in violation or in default under any law or Order applicable to it or its assets and properties, in each case, which could have a Material Adverse Effect on the Company.

As used herein, "**Knowledge of the Seller**" shall mean the actual knowledge of the individuals named on Schedule 3.2(II) hereto

3.3 *Representations and Warranties of Purchaser*. The Purchaser represents and warrants to the Seller that, on and as of the date of this Agreement and on and as of the Closing Date:

(a) The Purchaser is duly organized and validly existing as an open joint stock company under the laws of the Russian Federation and has all requisite corporate and other power and authority to carry on its business as now being and heretofore conducted and to own, use, lease, operate and dispose of the assets and properties which it currently owns, uses, leases and operates.

(b) Except as set forth in Schedule 3.3(d)(ii) hereto, the Purchaser has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Purchaser, and the performance by the Purchaser of its obligations hereunder have been duly and validly authorized and no other corporate action on the part of the Purchaser, its board of directors or its shareholders is necessary therefore.

(c) This Agreement has been duly and validly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and remedies generally and by general equitable principles (whether applied by a court of law or equity).

(d) The execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the Transaction will not:

(i)conflict with or result in a violation or breach of any of the terms or conditions of the Purchaser's charter;

(ii) subject to obtaining the consents, approvals and actions, making the filings and giving the notices specified in Schedule 3.3(d)(ii) hereto, conflict with or result in a violation or breach of any term or provision of any law or Order applicable to the Purchaser or any of its assets and properties;

(iii) subject to obtaining the consents specified in Schedule 3.3(d)(ii) hereto, conflict with, constitute a breach of or result in a default under any Contract or License to which the Purchaser is a party or by which any of its assets and properties is bound; or

(iv) conflict with any of the Company 's internal policies and/or procedures, including, without limitation, any policy with respect to insider trading.

(e) Except as specified in Schedule 3.3(d)(ii) hereto, no consent, approval or action of, filing with or notice to any governmental or regulatory authority of the Russian Federation on the part of the Purchaser is required in connection with the Purchaser's execution, delivery or performance of this Agreement or the consummation by the Purchaser of the Transaction.

(f) There are no Actions or Proceedings pending or, to the knowledge of the Purchaser, threatened against, the Purchaser or any of its assets and properties which could reasonably be expected to result in the issuance of an Order which (i) questions the validity of this Agreement or any action taken or to be taken pursuant hereto, or (ii) restrains, enjoins or otherwise prohibits or makes illegal the consummation of any of the transactions contemplated by this Agreement.

(g) All negotiations relating to this Agreement and the transactions contemplated hereby have been carried out by the Purchaser directly with the Seller without the intervention of any Person on behalf of the Purchaser in such manner as to give rise to any valid claim by any Person against the Seller for any finder's fee, brokerage commission or similar payment.

(h) There is no breach of any representation or warranty made by the Seller in this Agreement of which the Purchaser has actual knowledge.

4. CONDITIONS PRECEDENT

4.1 *Conditions Precedent to Seller's Obligations*. The Seller shall not be obligated to transfer the Shares to the Purchaser unless and until the following conditions have been satisfied (or waived in writing by the Seller):

(a) The Purchaser's representations and warranties contained in this Agreement shall be true and correct on and as of the Closing Date

(b) The Purchaser shall have fully performed and complied with its obligations under Section 5.2 (to the extent not waived in writing by the Seller).

(c) There shall not be in effect on the Closing Date any Order or law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement and there shall not be pending on the Closing Date any Action or Proceeding or any other action in, before or by any governmental or regulatory authority which could reasonably be expected to result in the issuance of any such Order or the enactment, promulgation or deemed applicability to the Purchaser or the Seller or the transactions contemplated by this Agreement of any such law.

(d) All consents, approvals and actions of, filings with and notices to any governmental or regulatory authority specified in Schedule 3.3(d)(ii) hereto which are required to have been obtained, made or given (as applicable) by the Purchaser pursuant to applicable law and are necessary for the performance of the obligations of the Purchaser under this Agreement (i) shall have been duly obtained, made or given, (ii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived (unless any such condition relates to reporting or other requirements which by the terms of such consents, approvals, actions, filings or notices can only be effected on or after the Closing) and (iii) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any governmental or regulatory authority shall have occurred.

(e) All necessary third party consents (or in lieu thereof waivers) and agreements specified in Schedule 3.3(d)(ii) hereto (i) shall have been obtained by the Purchaser, (ii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived (unless any such condition relates to reporting or other requirements which by the terms of such consents can only be effected on or after the Closing) and (iii) shall be in full force and effect.

(f) The Purchaser shall have delivered to the Seller a certificate of the Secretary of the Board of Directors of VimpelCom as to the incumbency of, and such other documents as are necessary to evidence the signatory authority of, the Person or Persons executing this Agreement, and all other documents delivered hereunder on behalf of the Purchaser, attached to which are true and correct copies of the Purchaser's charter and resolutions of the Purchaser's shareholders, authorizing the Purchaser's execution, delivery and performance of this Agreement and the acquisition of the Shares in accordance with the terms hereof.

(g) The Purchaser shall have delivered by hand, by courier or by fax to the Seller the documents listed in Schedule 4.1 (h) hereto.

(h) The Company and the Seller shall have executed (A) a settlement agreement and promissory note (the "**Settlement Agreement and Promissory Note**") in respect of the payment of the Russian ruble equivalent of one million four hundred seventy-one thousand five hundred fifteen US dollars and thirty-five cents (US$1,471,515.35) owed by the Company to the Seller (the "**Company Debt**") under the Security Agreement dated November 4, 1997 (the "**Security Agreement**") between the Company and the Seller and the Management Consultancy Agreement dated January 4, 1998 (the "**Management Consultancy Agreement**") between the Company and the Seller, with at least US$500,000 of the outstanding principal amount thereof being due and payable on June 30, 2003, US$500,000 being due and payable on December 31, 2003 and the remaining balance thereof being due and payable on June 30, 2004, in each case, to the Seller's Russian Bank Account, (B) Amendment No. 1 to the Security Agreement in the form attached as Exhibit A to the Settlement Agreement and Promissory Note and (C) Amendment No. 1 to the Management Consultancy Agreement in the form attached as Exhibit B to the Settlement Agreement and Promissory Note.

(i) VimpelCom and the Seller shall have entered into a binding guarantee agreement (the "**Guarantee**") satisfactory in form and substance to the Seller under which VimpelCom shall have agreed to (i) ensure that (A) the Seller is released from all of its obligations under the Guarantee dated November 4, 1997 between the Seller and Citibank, N.A. in respect of the Company's obligations under the Credit Agreement dated November 4, 1997 among the Company, ZAO Citibank and the Seller (the "**Citibank Credit Agreement**") and (B) if the Seller, ZAO Citibank and the Company have not entered into Amendment No. 1 to the Citibank Credit Agreement providing, among other things, that the Seller shall cease to be a party to the Citibank Credit Agreement, the Seller is released from all of its obligations, if any, under the Citibank Credit Agreement, in each case, no later than February 14, 2003; provided, that the Parties agree that VimpelCom shall have no obligation to provide refinancing in respect of such obligations or provide a guarantee in respect of such obligations, and (ii) guarantee repayment by the Company to the Seller of the Company Debt under (and in accordance with the terms of) the Settlement Agreement and Promissory Note.

(j) (i) ZAO Citibank shall have delivered to the Company and the Seller a waiver in form and substance satisfactory to the Seller confirming that ZAO Citibank has waived any event of default under the Citibank Credit Agreement which, in the absence of such waiver, would arise as a result of the consummation of the Transaction, or (ii) the Seller, ZAO Citibank and the Company shall have entered into Amendment No. 1 to the Citibank Credit Agreement providing, among other things, that the consummation of the Transaction will not result in a default under the Citibank Credit Agreement or require payment of the outstanding principal amount of the loans thereunder prior to their scheduled maturity.

4.2 *Conditions Precedent to Purchaser's Obligations.* The Purchaser shall not be obligated to purchase the Shares from the Seller unless and until each of the following conditions has been satisfied (or waived in writing by the Purchaser):

(a) The Seller's representations and warranties contained in this Agreement shall be true and correct on and as of the Closing Date.

(b) The Seller shall have fully performed and complied with its obligations under Section 5.1 (to the extent not waived in writing by the Purchaser).

(c) All conditions precedent required to have been fulfilled by Stavtelecom under (and as defined in) the Stavtelecom Share Purchase Agreement shall have been fulfilled (or waived in writing by the Purchaser), and the closing under the Stavtelecom Share Purchase Agreement shall be consummated on the Closing Date simultaneously with the Closing.

(d) There shall not be in effect on the Closing Date any Order or law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement and there shall not be pending on the Closing Date any Action or Proceeding or any other action in, before or by any governmental or regulatory authority which could reasonably be expected to result in the issuance of any such Order or the enactment, promulgation or deemed applicability to the Purchaser or the Seller or the transactions contemplated by this Agreement of any such law.

(e) All consents, approvals and actions of, filings with and notices to any governmental or regulatory authority specified in Schedule 3.1(d)(ii) and Schedule 3.3(d)(ii) hereto which are required to have been obtained, made or given (as applicable) by the Seller or the Purchaser, as applicable, pursuant to applicable law and are necessary for the performance of the obligations of the Seller or the Purchaser, as applicable, under this Agreement (i) shall have been duly obtained, made or given, (ii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived (unless any such condition relates to reporting or other requirements which by the terms of such consents, approvals, actions, filings or notices can only be effected on or after the Closing) and (iii) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any governmental or regulatory authority shall have occurred.

(f) All necessary third party consents (or in lieu thereof, waivers) and agreements specified in Schedule 3.1(d)(ii) and Schedule 3.3(d)(ii) hereto (i) shall have been obtained by the Seller or the Purchaser, as applicable, (ii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived (unless any such condition relates to reporting or other requirements which by the terms of such consents can only be effected on or after the Closing) and (iii) shall be in full force and effect.

(g) The Seller shall have delivered to the Purchaser a certificate of a director of the Seller as to the incumbency of, and such other documents as are necessary to evidence the signatory authority of, the Person or Persons executing this Agreement, the share transfer order for the transfer of the Shares to the Purchaser (the **"Transfer Order"**) and all other documents required to be delivered hereunder on behalf of the Seller, attached to which are true and correct, duly apostilled and notarized copies of the Seller's constitutive documents and resolutions of the Seller's board of directors, and, if required by applicable law, the Seller's shareholders, authorizing the Seller's execution, delivery and performance of this Agreement and the sale of the Shares in accordance with the terms hereof.

(h) The Seller shall have delivered to the Purchaser (a) the documents listed in Schedule 4.2(h) hereto and (b) an extract from the register of the Company's shareholders dated the Closing Date, showing the Seller as the owner of the Shares, free and clear of all Liens (other than the Company's and other shareholders' rights arising under the Company 's charter and the Foundation Agreement and Russian law in respect of future transfers of the Shares).

(i) If the Seller wishes the Purchase Price to be paid to a bank account other than the account specified in Section 7.8, the Seller shall have delivered (or caused to be delivered) to the Purchaser at least three (3) Business Days prior to the date on which such payment is scheduled to be made the Seller's instruction for the wire transfer of the Purchase Price.

(j) The Purchaser shall have obtained a fairness opinion from United Financial Group, addressed to VimpelCom's board of directors, as to the fairness, from a financial point of view, to VimpelCom and its minority shareholders, of the transactions with the Seller contemplated hereby.

(k) (i) ZAO Citibank shall have delivered to the Company and the Seller a waiver confirming that ZAO Citibank has waived any event of default under the Citibank Credit Agreement which, in the absence of such waiver, would arise as a result of the consummation of the Transaction, or (ii) the Seller, ZAO Citibank and the Company shall have entered into Amendment No. 1 to the Citibank Credit Agreement providing, among other things, that the consummation of the Transaction will not result in a default under the Citibank Credit Agreement or require payment of the outstanding principal amount of the loans thereunder prior to their scheduled maturity.

(l) The shareholders of the Company shall have entered into an amendment to the Company's Foundation Agreement dated November 20, 1996 (the "**Foundation Agreement**"), which has the effect of deleting Section 10 thereof, or the shareholders of the Company shall have irrevocably waived their respective rights under Section 10 of the Foundation Agreement.

5. COVENANTS

5.1 *Covenants of Seller*. The Seller covenants and agrees with the Purchaser that, at all times from and after the date hereof until the Closing, the Seller will comply with all covenants and provisions of this Section 5.1.

(a) The Seller will not take, nor will it permit any of its affiliates (or authorize or permit any investment banker, financial advisor, attorney, accountant or other Person (as hereinafter defined) retained by or acting for or on its behalf or on behalf of any such affiliate) to take, directly or indirectly, any action to initiate, assist, solicit, negotiate, encourage or accept any offer or inquiry from any Person (or any Person known by the Seller to be acting on behalf of another Person) to engage in, reach any agreement or understanding (whether or not such agreement or understanding is absolute, revocable, contingent or conditional) for the transfer, assignment, pledge, acquisition or other disposition of any of the Shares. If the Seller (or any Person acting for or on its behalf) receives from any Person any offer, inquiry or informational request relating to any transaction of the type referred to in this Section 5.1(a), the Seller will promptly advise the Purchaser in writing of such offer, inquiry or request and, if such offer, inquiry or request is in writing, deliver a copy thereof to the Purchaser.

(b) The Seller shall take all steps necessary and proceed diligently and in good faith to satisfy each condition precedent contained in Section 4.2 which is required to be fulfilled by it, and shall immediately notify the Purchaser when the Seller believes such conditions precedent have been fulfilled or when the Seller is unable to satisfy any such condition precedent.

(c) The Seller shall not take any action, directly or indirectly, to increase the charter capital of the Company (unless so required by the applicable legislation of the Russian Federation).

(d) The Seller, in its capacity as a shareholder of the Company, shall vote its shares of the Company at meetings of the shareholders of the Company (or in written consents in lieu of meetings), and, subject to compliance with directors' fiduciary duties and Russian law, shall cause the three (3) members of the board of directors of the Company nominated by the Seller to vote at meetings of the board of directors of the Company (or in written consents in lieu of meetings), in such a way so as:

(i)not to permit (A) any change in the Company's corporate structure, organization or existence or (B) the termination, withdrawal or cancellation of any approvals, Licenses, permits or authorizations necessary for the Company to carry on its business as now conducted and consistent with past practice;

(ii) not to permit any steps that may result in material changes in the assets or liabilities of the Company;

(iii) not to cause or permit the Company to pledge any assets, enter into any commitments or assume any Indebtedness or create any Liens with respect to all or substantially all assets of the Company;

(iv) to ensure that the activities of the Company are conducted in the ordinary course of business consistent with past practice;

(v) not to permit the Company to take any step that may result in the termination of this Agreement, or the failure of the Closing to occur;

(vi) not to permit the Company to grant or promise any increase in the compensation or remuneration (including bonuses) payable or to become payable to any officer, director, employee, agent, independent contractor or consultant of the Company (other than increases made in the ordinary course of business), or any acceleration in the rate at which any such compensation accrues;

(vii) not to permit the Company to make any investment in any fixed asset or otherwise enter into any other transaction other than in the ordinary course of business, in each case, having a value in excess of one hundred thousand US dollars (US$100,000) (or the Russian ruble equivalent thereof calculated on the basis of the Exchange Rate), whether in a single transaction or a series of related transactions; and

(viii) to cause the Company to permit representatives of the Purchaser to have full access at all reasonable times, and in such a manner so as not to interfere with the normal business and operations of the Company, to all premises, properties, personnel, books, records, contracts, documentation and information required for the Purchaser's due diligence investigation of the Company.

5.2 *Covenant of Purchaser*. The Purchaser covenants and agrees with the Seller that, at all times from and after the date hereof until the Closing, the Purchaser shall take all steps necessary and proceed diligently and in good faith to satisfy each condition precedent contained in Section 4.1 which is required to be fulfilled by it, and shall immediately notify the Seller when the Purchaser believes such conditions have been fulfilled or when the Purchaser is unable to satisfy any such condition precedent.

6. PUBLIC STATEMENTS AND CONFIDENTIALITY

6.1 *No Public Statements*. No announcement or press release concerning the Transaction or any matter ancillary thereto shall be made by either Party either before or after the Closing Date, without the prior written consent of the other Party, provided that nothing herein shall prevent either Party from making any announcement, notice or filing required by law or the rules of any stock exchange or securities regulatory authority to which such Party is subject; provided further that VimpelCom and Telenor ASA may issue press releases regarding the Transaction immediately upon the Closing and file copies of the same with the United States Securities and Exchange Commission, The New York Stock Exchange, Nasdaq and the Oslo Stock Exchange, as applicable.

6.2 *Non-disclosure of Present Arrangement*. The Parties shall treat as confidential for the period of three (3) years from the date hereof the terms of this Agreement and shall not, directly or indirectly, disclose, or permit the disclosure, of such terms, conditions or other aspects thereof, without prior written consent of the other Party (which consent shall not be unreasonably withheld or delayed), except to the legal, financial or business consultants or auditors of the relevant Party or to the Party's affiliates, or to third parties from whom a Party is required to obtain a consent or approval specified herein, provided that nothing herein shall prevent either Party from making any announcement, notice or filing required by law or the rules of any stock exchange or securities regulatory authority to which such Party is subject.

7. MISCELLANEOUS

7.1 *Indemnification*.

(a) Subject to Section 7.1(c) hereof, each Party (the "**Indemnifying Party**") agrees to indemnify, defend and hold harmless the other Party (and its principals, officers, directors, employees, affiliates and assigns) (the "**Indemnified Party**") from and against any and all losses, liabilities, damages, deficiencies, costs or expenses, including attorneys' fees, disbursements or other charges (collectively, "**Losses**"), based upon, arising out of, or otherwise in respect of any inaccuracy in or any breach of any representation, warranty, covenant or undertaking of the Indemnifying Party contained in this Agreement (but excluding any claims for lost profits). Each Party's indemnity hereunder shall be in addition to any liability to which the Indemnifying Party may otherwise be subject, provided that any recovery by the Indemnified Party from the Indemnifying Party in respect of a claim under this Section 7.1 shall be without duplication of any other recovery for such claim by the Indemnified Party from the Indemnifying Party. In the event that any claim is asserted against the Indemnified Party, or the Indemnified Party is made a party defendant in any Action or Proceeding, and such claim, Action or Proceeding involves a matter which is the subject of a claim for indemnification under this Section 7.1, then the Indemnified Party shall (i) promptly give written notice pursuant to Section 7.7 hereof to the Indemnifying Party, of such claim, Action or Proceeding, and (ii) not make any admission of liability, agreement or compromise with any Person in relation to such claim without prior written notice to the Indemnifying Party; and the Indemnifying Party shall have the right to join in the defense of said claim, Action or Proceeding at the Indemnifying Party's own cost and expense and, if the Indemnifying Party agrees in writing to be bound by and to promptly pay the full amount of any final judgment from which no further appeal may be taken to the extent such judgment involves an indemnifiable claim under this Section 7.1 and subject to the limitations in Section 7.1(c), and if the Indemnified Party is reasonably assured of the Indemnifying Party's ability to satisfy such agreement, then, at the option of the Indemnifying Party, the Indemnifying Party may take over the defense of such claim, Action or Proceeding, except that, in such case, the Indemnified Party shall have the right to join in the defense of said claim, Action or Proceeding at its own cost and expense, and the Indemnifying Party shall not make any admission of liability, agreement or compromise with respect to such claim without the prior written consent of the Indemnified Party.

(b) In addition to the obligations of the Purchaser under Section 2.2 and Section 7.1 hereof, the Purchaser agrees to indemnify, defend and hold harmless the Seller from and against any and all Losses incurred by the Seller as a result of the Seller's inability to purchase US dollars with, or otherwise effect the conversion into US dollars of, all or any portion of the Russian ruble proceeds of the Purchase Price within five (5) Business Days from the date of payment of such Russian ruble proceeds into the Seller's Russian Bank Account; provided (i) the Seller's inability to convert such Russian ruble proceeds of the Purchase Price is not due to (A) the Seller's failure to instruct the Seller's Bank to undertake such conversion or (B) the Seller's Bank's failure to effect such conversion in accordance with such instructions; (ii) the Seller shall take reasonable actions to mitigate any such Losses as and when such actions are permitted by applicable law; and (iii) the Seller makes a claim for any such Loss within twelve (12) months from the date of payment of the Russian ruble proceeds which the Seller has been unable to convert into US dollars.

(c) Notwithstanding any other provision of this Agreement to the contrary:

(i) subject to the limitations specified in sub-clauses (ii) - (viii) (inclusive) of this Section 7.1(c), the aggregate liability of each Party for indemnification under Section 7.1(a) hereof shall not exceed the lesser of (A) an amount equal to the total of such Party's Losses indemnified against hereunder and (B) the Purchase Price;

(ii) the aggregate liability of the Seller for indemnification for any inaccuracy in or any breach of any of the Seller's representations and warranties contained in Section 3.1(h) or Section 3.1(j) hereof shall not exceed an amount equal to forty-nine percent (49%) of the lesser of (A) the total of the Purchaser's Losses arising from such inaccuracy or breach and indemnified against hereunder and (B) US$4,000,000; provided that (1) if, as of the date any claim is made hereunder by the Purchaser in respect of any such inaccuracy or breach, the aggregate amount of all claims made by the Purchaser under this Section 7.1 in respect of Section 3.1(h) and/or Section 3.1(j) (including the proposed claim) does not exceed US$500,000, the Seller shall have no liability hereunder and (2) if as of the date any claim is made hereunder by the Purchaser in respect of any such inaccuracy or breach, the aggregate amount of all claims made by the Purchaser under this Section 7.1 in respect of Section 3.2 (including the proposed claim) exceeds US$500,000, subject to the limitations specified in this Section 7.1(c)(ii) above, the Seller shall be liable for the entire amount of such claims;

(iii) a Party shall have no liability in respect of any claim unless such claim is made in good faith and unless written particulars of such claim (giving such details of the specific matter in respect of which such claim is made as are then in the possession the claimant Party) shall have been given to such Party pursuant to Section 7.7 hereof within the twelve (12)-month survival period specified in Section 7.1(d);

(iv) if a claim is made against the Company which may give rise to a claim by the Purchaser in respect of Section 3.1(h) or Section 3.1(j) hereof and the obligation of the Company which gives rise to such claim was not approved by the board of directors of the Company or the shareholders of the Company or, if approved only by the General Director or another officer of the Company, was, in the opinion of Independent Counsel (as hereinafter defined) obtained pursuant to Section 7.1(c)(vi) hereof, outside the scope of his or her authority under the charter of the Company, the protocols of the board of directors of the Company and/or the protocols of the general meeting of shareholders of the Company, then the Purchaser shall cause the Company to litigate or arbitrate the validity of such obligation until a final, non-appealable judgment or award of a court or arbitral tribunal having jurisdiction over the matter shall have been rendered, and if such court or arbitral tribunal determines in such judgment or award that such obligation is a valid obligation of the Company and specifies the amount of such obligation which is valid, then such amount shall constitute the Purchaser's Loss for purposes of Section 7.1(c)(ii) hereof. As used herein, "**Independent Counsel**" shall mean legal counsel of recognized international standing, with an office in Russia, who has not regularly represented the Purchaser, the Seller, the Company or any of their respective Subsidiaries or affiliates;

(v) if a claim is made against the Company which may give rise to a claim by the Purchaser in respect of Section 3.1(h) or Section 3.1(j) hereof and the obligation of the Company which gives rise to such claim was approved by the board of directors of the Company and/or the shareholders of the Company or, if approved only by the General Director or another officer of the Company, was, in the opinion of Independent Counsel obtained pursuant to Section 7.1(c)(vi) hereof, within scope of his or her authority under the charter of the Company, the protocols of the board of directors of the Company and/or the protocols of the general meeting of shareholders of the Company, then the Purchaser shall not be obliged to cause the Company to litigate or arbitrate the validity of such obligation and the amount of such obligation shall constitute the Purchaser's Loss for purposes of Section 7.1(c)(ii) hereof;

(vi) if a claim is made against the Company which may give rise to a claim by the Purchaser in respect of Section 3.1(h) or Section 3.1(j) hereof and the obligation of the Company which gives rise to such claim was approved only by the General Director or another officer of the Company, any claim made by the Purchaser in respect of Section 3.1(h) or Section 3.1(j) shall be accompanied by a written opinion of Independent Counsel addressed to the Purchaser and the Seller concerning the issue of whether the General Director or such other officer of the Company by approving such obligation exceeded the scope of his or her authority under the charter of the Company, the protocols of the board of directors of the Company and/or the protocols of the general meeting of shareholders of the Company;

(vii) no Party shall have any liability in respect of any claim under this Section 7.1 if:

(A) such claim shall arise by reason of a liability of a Party which is contingent only, in which case, the Indemnifying Party shall have no obligation to make any payment in respect of such claim until such time as the contingent liability ceases to be contingent and becomes actual; and

(B) to the extent that such claim relates to any Loss for which the claimant Party actually recovers under the terms of any insurance policy in effect at the Closing Date; and

(viii) no Party shall be entitled to be paid more than once in respect of any claim arising out of the same subject matter.

(d) Each Party has the right to rely fully upon the representations, warranties, covenants and agreements of the other Party contained in this Agreement; provided that, for the avoidance of doubt, the information contained in the data room and listed on Schedule 3.2(I) hereto, shall not be deemed to be part of the Knowledge of the Seller (as previously defined) unless actually known by the individuals named on Schedule 3.2(II) hereto. All representations and warranties of the Parties contained in Section 3 shall survive the Closing Date and remain in effect for a period of twelve (12) months following the Closing Date. In addition to the foregoing, the obligations of the Parties under this Section 7.1 shall survive the Closing and the termination of this Agreement.

7.2 *Term and Early Termination*. This Agreement shall take effect on the date hereof and shall terminate in the earlier of: (i) full performance of the Parties' obligations hereunder, (ii) the mutual written consent of the Parties and (iii) April 1, 2003 if the Closing has not occurred prior to such date. If this Agreement is validly terminated pursuant to Section 7.2(i) or (ii), this Agreement will forthwith become null and void, and there will be no liability or obligation on the part of the Seller or the Purchaser (or any of their respective officers, directors, employees, agents or other representatives or affiliates), except that Section 7.1, Section 7.6 and Section 8 hereof will continue to be in effect and shall apply following any such termination. Notwithstanding any other provision in this Agreement to the contrary, upon termination of this Agreement pursuant to Section 7.2(iii), the Seller will remain liable to the Purchaser for any breach of this Agreement by the Seller existing at the time of such termination, and the Purchaser will remain liable to the Seller for any breach of this Agreement by the Purchaser existing at the time of such termination, and the Seller or the Purchaser, as the case may be, may seek such remedies, including damages and legal fees, against the other Party with respect to any such breach as are provided in this Agreement or as are otherwise available at law.

7.3 *Amendments*. No amendment or modification to this Agreement shall be effective unless made in writing and signed by both Parties.

7.4 *Waiver*. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. The failure of a Party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of any right hereunder, nor shall it deprive that Party of the right thereafter to insist upon the strict adherence to the respective term or any other terms of this Agreement.

7.5 *Parties in Interest*. This Agreement shall be binding upon, and inure to the benefit of, the Parties and may not be assigned by the Seller or the Purchaser to any third party, without the prior written consent of the other Party.

7.6 *Expenses*. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each of the Parties will pay its own costs and expenses, including, without limitation, legal fees, incurred in connection with the negotiation, execution and closing of this Agreement and the transactions contemplated hereby.

7.7 *Notices*. All notices, requests, demands and other communications shall be in writing and delivered by hand, by courier, by post or facsimile and shall be addressed as follows:

If to the Purchaser, to:

OAO "VimpelCom-Region"
10 Ulitsa 8-Marta
Building 14
Moscow 127083
Russian Federation

Attn: Alexei M. Mischenko
Fax: +7 095 910 5993

With a copy to:

Akin Gump Strauss Hauer & Feld LLP
7 Ul. Gasheka
Moscow
Russian Federation

Attn: Melissa J. Schwartz
Fax: +7095-974-2412

If to the Seller, to:

Telenor Mobile Communications AS
Snarøyveien 30
N-1331 Fornebu
Norway

Attn: Sigmund Ekhougen
Fax: +47 97 21 27 58

With a copy to:

Coudert Brothers LLP
60 Cannon Street,
London, EC4N 6JP
England
Attn: Peter S. O'Driscoll

Fax: +44 207 248 3001

or to such other address or to such other Person as any Party shall have last designated by notice to the other Party. All such notices, requests and other communications, including any request for arbitration will: (a) if delivered personally to the address as provided in this Section 7.7, be deemed given and effective upon delivery, (b) if delivered by facsimile transmission to the facsimile number as provided in this Section 7.7, be deemed given and effective upon receipt, and (c) if delivered by courier in the manner described above to the address as provided in this Section 7.7, be deemed given and effective upon confirmed receipt (in each case, regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section 7.7).

7.8 *Seller's Account*. Unless otherwise notified by the Seller to the Purchaser in writing, the Seller's Russian Bank Account shall be:

ZAO Citibank
8-10 Gasheka
125047 Moscow
Russian Federation
"Russian text was illegible" 044525202
Acc. 30101810300000000202
Account No.: 40814810800500804025
INN: 7738149054

7.9 *Languages and Counterparts*. This Agreement has been executed in two counterparts, each in both the Russian and English languages, one for each Party. In the event of any discrepancies or differences between the texts, the English version shall prevail.

7.10 *Entire Agreement*. This Agreement supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof, and contains the sole and entire agreement between the Parties with respect to the subject matter hereof.

8. GOVERNING LAW AND DISPUTE RESOLUTION

8.1 *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America, without giving effect to any conflicts of laws principles thereof which would result in the application of the laws of another jurisdiction.

8.2 *Dispute Resolution*. (a) Any and all disputes and controversies arising under, relating to or in connection with this Agreement shall be settled by arbitration by a panel of three (3) arbitrators under the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules then in force (the "**UNCITRAL Rules**") in accordance with the following terms and conditions:

(i) In the event of any conflict between the UNCITRAL Rules and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(ii) The place of the arbitration shall be Geneva, Switzerland.

(iii) Where there is only one claimant party and one respondent party, each shall appoint one arbitrator in accordance with the UNCITRAL Rules, and the two arbitrators so appointed shall appoint the third (and presiding) arbitrator in accordance with the UNCITRAL Rules within thirty (30) days from the appointment of the second arbitrator. In the event of an inability to agree on a third arbitrator, the appointing authority shall be the International Court of Arbitration of the International Chamber of Commerce, acting in accordance with such rules as it may adopt for this purpose. Where there is more than one claimant party, or more than one respondent party, all claimants and/or all respondents shall attempt to agree on their respective appointment(s). In the event that all claimants and all respondents cannot agree upon their respective appointment(s) within thirty (30) Business Days of the date of the notice of arbitration, all appointments shall be made by the International Court of Arbitration of the International Chamber of Commerce.

(iv) The English language shall be used as the written and spoken language for the arbitration and all matters connected to the arbitration.

(v) The arbitrators shall have the power to grant any remedy or relief that they deem just and equitable and that is in accordance with the terms of this Agreement, including specific performance, and including, but not limited to, injunctive relief, whether interim or final, and any such relief and any interim, provisional or conservatory measure ordered by the arbitrators may be specifically enforced by any court of competent jurisdiction. Each Party retains the right to seek interim, provisional or conservatory measures from judicial authorities and any such request shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate.

(vi) The award of the arbitrators shall be final and binding on the Parties.

(vii) The award of the arbitrators may be enforced by any court of competent jurisdiction and may be executed against the person and assets of the losing party in any competent jurisdiction.

(b) Except for arbitration proceedings pursuant to Section 8.2(a), no action, lawsuit or other proceeding (other than the enforcement of an arbitration decision, an action to compel arbitration or an application for interim, provisional or conservatory measures in connection with the arbitration) shall be brought by or between the Parties in connection with any matter arising out of or in connection with this Agreement.

(c) Each Party irrevocably appoints CT Corporation System, located on the date hereof at 111 Eighth Avenue, 13th Floor, New York, New York 10011, USA, as its true and lawful agent and attorney to accept and acknowledge service of any and all process against it in any judicial action, suit or proceeding permitted by Section 8.2(b), with the same effect as if such Party were a resident of the State of New York and had been lawfully served with such process in such jurisdiction, and waives all claims of error by reason of such service, provided that the Party effecting such service shall also deliver a copy thereof on the date of such service to the other Party by facsimile as specified in Section 7.7. Each Party will enter into such agreements with such agent as may be necessary to constitute and continue the appointment of such agent hereunder. In the event that any such agent and attorney resigns or otherwise becomes incapable of acting, the affected Party will appoint a successor agent and attorney in New York reasonably satisfactory to the other Party, with like powers. Each Party hereby irrevocably submits to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York City, in connection with any such action, suit or proceeding, and agrees that any such action, suit or proceeding may be brought in such court, provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 8.2 and shall not be deemed to be a general submission to the jurisdiction of said courts of or in the State of New York other than for such purpose. Each Party hereby irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such action, suit or proceeding brought in such a court and any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum. Nothing herein shall affect the right of a Party to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the other Party in any other jurisdiction in a manner not inconsistent with Section 8.2(b).

(d) Each of the Purchaser and the Seller hereby represents and acknowledges that it is acting solely in its commercial capacity in executing and delivering this Agreement and in performing its obligations hereunder, and each of the Purchaser and the Seller hereby irrevocably waives with respect to all disputes, claims, controversies and all other matters of any nature whatsoever that may arise under or in connection with this Agreement and any other document or instrument contemplated hereby, all immunity it may otherwise have as a sovereign, quasi-sovereign or state-owned entity (or similar entity) from any and all proceedings (whether legal, equitable, arbitral, administrative or otherwise), attachment of assets, and enforceability of judicial or arbitral awards.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

The Seller
TELENOR MOBILE COMMUNICATIONS AS
/signed/

By: _____

Name: Arve Johansen
Title: Chairman
/seal/

The Purchaser
OPEN JOINT STOCK COMPANY
“VIMPELCOM-REGION”
/signed/

By: _____

Name: A.Mishchenko
Title: General Director
/seal/

Filename: d56093_ex4-88.htm
Type: EX-4.88
Comment/Description: Share Purchse Agreement
(this header is not part of the document)

Exhibit 4.88

SHARE PURCHASE AGREEMENT

Kaliningrad, Russia

THIS SHARE PURCHASE AGREEMENT (this "**Agreement**") dated December 15, 2002 between Telenor Mobile Communications AS, a company organized under the laws of Norway (the "**Seller**"), and Open Joint Stock Company "VimpelCom-Region", an open joint stock company organized under the laws of the Russian Federation (the "**Purchaser**" and, together with the Seller, collectively, the "**Parties**" and, individually, each, a "**Party**").

W I T N E S S E T H :

WHEREAS, the Seller is the owner of 490 registered shares of common stock, in uncertificated form, having a par value of forty six Russian rubles thirty seven and six hundredths of a kopeck (46.376) each (state share issuance registration number No. 35-1-00709, date of registration April 18, 1996) (the "**Shares**"**)**, of Closed Joint Stock Company "Extel", a closed joint stock company organized under the laws of the Russian Federation, located at 4/11 Ul. Generala Butkova, Kaliningrad, 236006, Russian Federation (the "**Company**"), and the Shares represent 49% of the issued and registered shares of common stock of the Company;

WHEREAS, the Purchaser wishes to acquire from the Seller, and the Seller wishes to sell to the Purchaser, all of the Shares;

WHEREAS, the Purchaser's acquisition of the Shares hereunder shall be subject to the Purchaser's concurrent acquisition of 51% of the issued and registered shares of common stock of the Company from Sergei Vladimirovich Shirokikh ("Shirokikh");

NOW, THEREFORE, the Parties agree as follows:

1. SALE AND PURCHASE OF SHARES

1.1 Upon the terms and subject to the conditions set forth herein, the Seller agrees to sell the Shares to the Purchaser, and the Purchaser agrees to purchase the Shares from the Seller and pay for them (the **"Transaction"**).

The consummation of the Transaction (the "**Closing**") shall be held at 10:00 a.m. (Moscow time) at the offices of the Company, located at 27 Ul. Kutuzova, Kaliningrad, 236010, Russian Federation. The Parties are committed to taking all necessary action so that the Closing will occur on or about December 17, 2002. At the Closing, each and all of the actions specified in Section 4 hereof shall take place, all of which shall be considered to be taking place simultaneously and none of which shall be considered to have taken place unless and until all of such actions shall have taken place

1.2 *Deliveries.* At the Closing: (a) the Seller shall deliver to the Purchaser a true and correct extract from the share register of the Company, evidencing that the Shares are duly registered in the name of the Purchaser, free and clear of any Liens (as defined below) (other than the Company's and other shareholders' rights arising under the Company's charter and foundation agreement and Russian law in respect of future transfers of the Shares), (b) the Purchaser shall deliver to the Seller the Purchase Price (as defined below) in accordance with Section 2.3 hereof, and (c) the Seller and the Purchaser shall execute and deliver an Act of Delivery and Acceptance, substantially in the form of Exhibit A hereto.

2. CONSIDERATION

2.1 *Purchase Price.* The total consideration for the Shares shall be the Russian ruble equivalent of ten million US dollars (US$10,000,000.00) (the "**Purchase Price**"), calculated in accordance with the Exchange Rate (as defined below) on the date of payment, payable in full at Closing. As used herein, "**Exchange Rate**" shall mean the Russian ruble / US dollar official rate, as established by the Central Bank of Russia for the date of payment and published in Rossiiskaya Gazeta on the date of payment or posted on the Central Bank of Russia's website (*www.cbr.ru*), or, if the payment is made on a day that follows a Sunday or a public holiday, as published in the last issue of Rossiiskaya Gazeta before the date of payment or posted on the Central Bank of Russia's website (*www.cbr.ru*). The Purchase Price shall be inclusive of all taxes and other duties, if any, which the Seller shall be solely responsible for and shall be obligated to pay in connection with the Transaction.

2.2 *Conversion Costs*. The Purchaser shall reimburse the Seller for any and all costs incurred by the Seller in connection with the conversion of the Russian ruble-denominated proceeds of the Purchase Price from Russian rubles into US dollars (including, without limitation, the fees, if any, charged by the Seller's Bank (as hereinafter defined) for such conversion and an amount equal to the difference between the US dollar proceeds of such conversion (at the conversion rate actually applied by the Seller's Bank) and the US dollar proceeds which would have been received by the Seller had the Exchange Rate been used for such conversion) (collectively, the **"Conversion Costs"**); provided, however, that the Purchaser shall reimburse the Seller for such Conversion Costs only if the Seller uses its best efforts to (a) cause such conversion to be effected as soon as possible and in any case not later than one (1) Business Day (as hereinafter defined) following the receipt of such payment in the Seller's Russian Bank Account and (b) cause such conversion of Russian rubles into US dollars to be effected at the most favorable rate commercially available to the Seller from the Seller's Bank. The Seller shall notify the Purchaser of the amount of such Conversion Costs (and provide reasonable documentary evidence thereof) within ten (10) Business Days after the receipt of the Purchase Price, and the Purchaser shall reimburse the Seller for the amount specified in such notice by wire transfer to the Seller's Russian Bank Account (as hereinafter defined) within three (3) Business Days of receipt of such notice. As used herein, "**Business Day**" shall mean a day other than a Saturday, a Sunday or any day on which banks located in New York, New York, U.S.A., Oslo, Norway, London, England or Moscow, Russia are authorized or obliged to close.

2.3 *Payment of the Purchase Price*. Subject to the terms and conditions hereof and in consideration of the sale and transfer of the Shares to the Purchaser by the Seller, on the Closing Date, the Purchaser shall pay to the Seller, by wire transfer, in immediately available funds, to the Seller's Russian Bank Account (as defined below), the Purchase Price. As used herein, "**Seller's Russian Bank Account**" shall mean the Russian ruble-denominated bank account of Telenor East Invest AS, the agent for the Seller, held at ZAO Citibank (the "**Seller's Bank**"), or such other bank account as may be designated in writing by the Seller pursuant to Section 4.2(h). Upon confirmation of receipt of the Purchase Price in the Seller's Russian Bank Account, the Seller shall deliver to the Purchaser a true and correct extract from the share register of the Company, evidencing the due registration of the Shares in the name of the Purchaser, free and clear of any Liens (other than the Company's and other shareholders' rights arising under the Company's charter and the foundation agreement and Russian law in respect of future transfers of the Shares).

3. REPRESENTATIONS AND WARRANTIES

3.1 *Representations and Warranties of Seller*. The Seller represents and warrants to the Purchaser that, on and as of the date of this Agreement and on and as of the Closing Date:

(a) The Seller is duly organized and validly existing as a company organized under the laws of Norway and has all requisite corporate and other power and authority to carry on its business as now being and heretofore conducted and to own, use, lease, operate and dispose of the assets and properties which it currently owns, uses, leases and operates.

(b) The Seller has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and to consummate the Transaction, including, without limitation, to sell the Shares to the Purchaser. The execution and delivery of this Agreement by the Seller and the performance by the Seller of its obligations hereunder have been duly and validly authorized, and no other corporate action on the part of the Seller, its board of directors or its shareholders is necessary therefor.

(c) This Agreement has been duly and validly executed and delivered by the Seller and constitutes the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and remedies generally and by general equitable principles (whether applied by a court of law or equity).

(d) The execution, delivery and performance by the Seller of this Agreement and the consummation by the Seller of the Transaction will not:

(i) conflict with or result in a violation or breach of any of the terms or conditions of the Seller's charter (*vedtekter)*;

(ii) subject to obtaining the consents, approvals and actions, making the filings and giving the notices specified in Schedule 3.1(d)(ii) hereto, conflict with or result in a violation or breach of any term or provision of any law or any writ, judgment, decree, injunction or similar order of any governmental or regulatory authority (an "**Order**") applicable to the Seller or any of its assets and properties; or

(iii) subject to obtaining the third party consents specified in Schedule 3.1(d)(ii) hereto, conflict with or constitute a breach of or result in a default under any agreement, letter of intent, lease, evidence of Indebtedness (as hereinafter defined), mortgage, pledge agreement or other contract or understanding (whether written or oral) (collectively, "**Contracts**") or any license, permit, certificate, authorization, approval, registration or consent granted by any governmental or regulatory authority (collectively, "**Licenses**") to which the Seller is a party or by which any of its assets and properties (including, without limitation, any Shares) is bound. As used herein "**Indebtedness**" shall mean, with respect to any Person, all obligations of such Person (A) for borrowed money, (B) evidenced by notes, bonds, debentures or similar instruments, (C) for the deferred purchase price of goods or services (other than trade payable or accruals incurred in the ordinary course of business), (D) under capital leases or (E) in the nature of a guarantee of any obligation described in clauses (A) through (D) above.

(e) Except as specified in Schedule 3.1(d)(ii) hereto, no consent, approval or action of, filing with or notice to any governmental or regulatory authority of the Russian Federation or Norway on the part of the Seller is required in connection with the Seller's execution, delivery or performance of this Agreement or the consummation by the Seller of the Transaction.

(f) There are no actions, suits, administrative proceedings or arbitration proceedings (collectively, "**Actions or Proceedings**") pending or, to the knowledge of the Seller, threatened against, the Seller or any of its assets and properties which could reasonably be expected to result in the issuance of an Order which (i) questions the validity of this Agreement or any action taken or to be taken pursuant hereto or (ii) restrains, enjoins or otherwise prohibits or makes illegal the consummation of any of the transactions contemplated by this Agreement.

(g) The Seller validly acquired the Shares from Andrey Anatolievich Alekseenko, Vladimir Ivanovich Dekalchuk and Oksana Gennadievna Shirokikh pursuant to the agreements and documents listed in Schedule 3.1(g) (true and complete copies of which have been provided to the Purchaser) and in compliance with the charter of the Company and Russian law and the purchase price therefor was paid in full by the Seller to the Company as agent for such persons in accordance with Russian law.

The Seller beneficially owns the Shares, free and clear of any mortgage, pledge, assessment, security interest, lease, lien, adverse claim, purchase right, preemptive right, right of first refusal, levy, tax, charge or other encumbrance of any kind, or any similar rights, commitment, claim or demand, or any conditional sale Contract, title retention Contract or other Contract to give effect to any of the foregoing (collectively, "**Liens**") (other than the Company's and other shareholders' rights arising under the Company's charter and foundation agreement and Russian law in respect of future transfers of the Shares). On the Closing Date, the Seller will have full right, power and authority to sell, assign, transfer and deliver the Shares to the Purchaser. Upon registration of the Shares in the name of the Purchaser in the register of the Company's shareholders, against payment therefor in accordance with the terms of this Agreement, good and valid title to the Shares, free and clear of all Liens (other than the Company's and other shareholders' rights arising under the Company's charter and foundation agreement and Russian law in respect of future transfers of the Shares), will be transferred to the Purchaser. The Shares have been duly authorized and validly issued, are fully paid and non-assessable, are not subject to any preemptive or similar rights with respect to the Company or any other shareholder (other than as provided in the Company's charter and foundation agreement and Russian law), and were properly registered with the appropriate authorities competent for registration of the issue of such shares. The Shares are uncertificated. The Shares constitute no less than 49% of the outstanding share capital of the Company.

(h) All negotiations relating to this Agreement and the transactions contemplated hereby have been carried out by the Seller directly with the Purchaser without the intervention of any Person (as hereinafter defined) on behalf of the Seller in such manner as to give rise to any valid claim by any Person against the Purchaser for any finder's fee, brokerage commission or similar payment. As used herein, "**Person**" shall mean any natural person, corporation, partnership, limited liability company, proprietorship, other business organization, trust, union, association or governmental or regulatory authority, whether incorporated or unincorporated.

3.2 *Representations and Warranties of Seller regarding Company*. The Seller represents and warrants to the Purchaser that, on and as of the date of execution of this Agreement and on and as of the Closing Date, except as set forth on Schedule 3.2(I) and the other Schedules hereto, to the Knowledge of the Seller (as hereinafter defined):

(a) The Company is a closed joint stock company and has been duly organized, is validly existing as a legal entity properly organized, registered and existing under the laws of the Russian Federation, with corporate power and authority to carry on its business as it is currently being conducted and to own, lease and operate its assets and properties.

(b) Except as described in Schedule 3.2(b) hereto, the Company is not in default under any provision of any Contract to which it is a party or by which it is bound, which involves an obligation of the Company to make payments in any year to any Person exceeding US$50,000 in the aggregate or which default would have a Material Adverse Effect (as hereinafter defined) on the Company and no event has occurred which, but for the passage of time or the giving of notice, would constitute such a default. As used herein, "**Material Adverse Effect**" shall mean, with respect to any Person (as hereinafter defined), a material adverse effect on or with respect to the business, assets, financial condition or results of operations of such Person and its Subsidiaries (as hereinafter defined) taken as a whole. As used herein, "**Subsidiary**" shall mean, with respect to any Person, (i) any corporation in which such Person owns or controls, directly or indirectly, more than fifty percent (50%) of the securities having ordinary voting power for the election of directors or other governing body of such corporation and/or (ii) any partnership, association, joint venture or other entity in which such Person owns or controls, directly or indirectly, more than fifty percent (50%) of the equity interests of such partnership, association, joint venture or other entity.

(c) The Company is not on notice with respect to any intended or possible suspension, termination, withdrawal or cancellation of any of its Telecommunications Licenses (as hereinafter defined). Except as disclosed in Schedule 3.2(c) hereto, the Company has fulfilled and performed all of its material obligations with respect to its Telecommunications Licenses, and no event has occurred which allows, or after notice or lapse of time would allow, suspension, revocation or termination thereof or would result in any other material impairment of the rights of the Company in respect of any such Telecommunications Licenses. No such Telecommunications License contains any restriction that has or could have a Material Adverse Effect on the Company. As used herein, "**Telecommunications Licenses**" shall mean, collectively, the Licenses described in Schedule 3.2(c) hereto.

(d) Except as disclosed in Section 3.2(n) there are no Actions or Proceedings pending or threatened against the Company which, if determined adversely to the Company could reasonably be expected to result in, individually or in the aggregate, any judgments or awards against the Company in excess of US$50,000 or could reasonably be expected to have a Material Adverse Effect on the Company.

(e) As of the date of this Agreement, the entire charter capital of the Company consists of 1,000 shares of common stock. All such shares have been duly authorized and validly issued, are fully paid and non-assessable, are not subject to any pre-emptive or similar rights with respect to the Company or any other shareholder (other than as provided in the Company's charter and the Foundation Agreement and Russian law), and were properly registered with the appropriate authorities competent for registration of the issue of such shares. All of the shares of the Company are uncertificated.

(f) Subject to obtaining the third party consents referred to in Schedule 3.1(d)(ii) hereto, neither the execution of this Agreement nor the consummation of the Transaction will (i) violate any material law, regulation, rule, judgment, Order or other restriction of any governmental or regulatory authority to which the Company is subject or by which any of the assets and properties of the Company is bound, (ii) conflict with or constitute a breach of any terms or provisions of the Company's charter, (iii) conflict with or constitute a breach of or default under any material Contract or License to which the Company is a party or by which any of the assets and properties of the Company is bound, (iv) require the mandatory prepayment of any Indebtedness of the Company prior to the maturity stated therein, or (v) result in the early termination of any Contract or License to which the Company is a party or the imposition of any Lien on any of the assets and properties of the Company.

(g) All material assets of the Company are in good operating condition and in no need of special maintenance or repair.

(h) Except as disclosed in Schedule 3.2(h) hereto, the Company does not hold any shares or other equity interests in any other Person.

(i) The most recent financial statements of the Company were prepared and audited in accordance with Russian accounting standards, consistent with past practice. Such financial statements present the financial position of the Company as of September 30, 2002 in accordance with Russian accounting standards. The accounts receivable of the Company reflected in such financial statements and the accounts receivable arising subsequent to the date of such financial statements arose from bona fide sales transactions in the ordinary course of business and are payable on ordinary trade terms, are legal, valid and binding obligations of the respective debtors generally enforceable in accordance with their terms, are collectible in the ordinary course of business consistent with past practice in the aggregate recorded amounts thereof, net of any applicable reserve reflected in such financial statements, and are not the subject of any actions or proceedings brought by or on behalf of the Company or any of its Subsidiaries (except actions or proceedings against subscribers brought by the Company or any of its Subsidiaries in the ordinary course of business).

(j) Since September 30, 2002, there has not been any material adverse change in the condition (financial or otherwise) or prospects of the Company, and, except for the transactions contemplated by this Agreement and the share purchase agreement dated the date hereof between the Purchaser and Shirokikh ("**Shirokikh Share Purchase Agreement**") and the transactions disclosed in Schedule 3.2(j) hereto, there has been no transaction entered into by the Company which is material to the Company other than in the ordinary course of business.

(k) All information given by, or on behalf of, the Company and the Seller to the Purchaser is true, complete, accurate and not misleading, no such information contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements herein or therein, in light of the circumstances under which they were made, not misleading, and all material information concerning the Company's share capital and the Company's business has been disclosed to the Purchaser.

(l) Neither the Company, nor any director, officer, agent, employee or other Person acting on behalf of the Company has, in the course of its actions for, or on behalf of, the Company (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity, (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (iii) violated (or is in violation of) any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

(m) Except as set forth in Schedule 3.2(I) hereto, the Company has duly filed with the appropriate taxing authorities (or has received an extension for filing with respect to) all material tax documents required to be filed by it, and each such tax document was, when filed, accurate and complete in all material respects, and the Company has duly paid, on time, or has made adequate reserves for, or has contested in good faith, all material taxes required to be paid or remitted by it or levied against it and no material tax deficiency is currently asserted against the Company.

(n) Except for the fact that, based on the Company's financial records as of June 30, 2002, the value of the Company's net assets was estimated as negative, and except for any violation or alleged violation of, or default or alleged default under, any law or Order applicable to the Company or any of its assets and properties which has been settled or otherwise resolved, the Company is not and has not received a written notice that it is or has been in violation or in default under any law or Order applicable to it or its assets and properties, in each case, which could have a Material Adverse Effect on the Company.

As used herein, "**Knowledge of the Seller**" shall mean the conscious awareness of facts or other information by the individuals named on Schedule 3.2(II) hereto, without any of such individuals having (a) examined any of the Seller's, the Company's or any other Person 's records, (b) reviewed any agreements, documents, certificates, protocols, minutes, resolutions or other papers (other than Section 3.2 of this Agreement and Schedules 3.2.(I), 3.2(b), 3.2(c), 3.2(h) and 3.2(j) hereto), or (c) made any inquiries of the Company, other employees or former employees of Telenor ASA, the Seller or any other Person.

3.3 *Representations and Warranties of Purchaser*. The Purchaser represents and warrants to the Seller that, on and as of the date of this Agreement and on and as of the Closing Date:

(a) The Purchaser is duly organized and validly existing as an open joint stock company under the laws of the Russian Federation and has all requisite corporate and other power and authority to carry on its business as now being and heretofore conducted and to own, use, lease, operate and dispose of the assets and properties which it currently owns, uses, leases and operates.

(b) Except as set forth in Schedule 3.3(d)(ii) hereto, the Purchaser has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Purchaser, and the performance by the Purchaser of its obligations hereunder have been duly and validly authorized and no other corporate action on the part of the Purchaser or its shareholders is necessary therefore.

(c) This Agreement has been duly and validly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and remedies generally and by general equitable principles (whether applied by a court of law or equity).

(d) The execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the Transaction will not:

(i)conflict with or result in a violation or breach of any of the terms or conditions of the Purchaser's charter;

(ii) subject to obtaining the consents, approvals and actions, making the filings and giving the notices specified in Schedule 3.3(d)(ii) hereto, conflict with or result in a violation or breach of any term or provision of any law or Order applicable to the Purchaser or any of its assets and properties; or

(iii) subject to obtaining the consents specified in Schedule 3.3(d)(ii) hereto, conflict with, constitute a breach of or result in a default under any Contract or License to which the Purchaser is a party or by which any of its assets and properties is bound.

(e) Except as specified in Schedule 3.3(d)(ii) hereto, no consent, approval or action of, filing with or notice to any governmental or regulatory authority of the Russian Federation on the part of the Purchaser is required in connection with the Purchaser's execution, delivery or performance of this Agreement or the consummation by the Purchaser of the Transaction.

(f) There are no Actions or Proceedings pending or, to the knowledge of the Purchaser, threatened against, the Purchaser or any of its assets and properties which could reasonably be expected to result in the issuance of an Order which (i) questions the validity of this Agreement or any action taken or to be taken pursuant hereto, or (ii) restrains, enjoins or otherwise prohibits or makes illegal the consummation of any of the transactions contemplated by this Agreement.

(g) All negotiations relating to this Agreement and the transactions contemplated hereby have been carried out by the Purchaser directly with the Seller without the intervention of any Person on behalf of the Purchaser in such manner as to give rise to any valid claim by any Person against the Seller for any finder's fee, brokerage commission or similar payment.

(h) There is no breach of any representation or warranty made by the Seller in this Agreement of which the Purchaser has actual knowledge.

4. CONDITIONS PRECEDENT

4.1 *Conditions Precedent to Seller's Obligations*. Seller's obligation to sell the Shares to the Purchaser and its obligation to waive its preemptive right in respect of the purchase of Shirokikh's shares in the Company in favor of the Purchaser shall be subject to the following conditions having been satisfied (or waived in writing by the Seller):

(a) The Purchaser's representations and warranties contained in this Agreement shall be true and correct on and as of the Closing Date

(b) The Purchaser shall have fully performed and complied with its obligations under Section 5.2 (to the extent not waived in writing by the Seller).

(c) There shall not be in effect on the Closing Date any Order or law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement and there shall not be pending on the Closing Date any Action or Proceeding or any other action in, before or by any governmental or regulatory authority which could reasonably be expected to result in the issuance of any such Order or the enactment, promulgation or deemed applicability to the Purchaser or the Seller or the transactions contemplated by this Agreement of any such law.

(d) All consents, approvals and actions of, filings with and notices to any governmental or regulatory authority specified in Schedule 3.3(d)(ii) hereto, including the approval of the Ministry of Anti-Monopoly Policy and Support for Enterpreneurship in the Russian Federation ("**MAMP**") in respect of the Purchaser's acquisition of the Shares, which are required to have been obtained, made or given (as applicable) by the Purchaser pursuant to applicable law and are necessary for the performance of the obligations of the Purchaser under this Agreement (i) shall have been duly obtained, made or given, (ii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived (unless any such condition relates to reporting or other requirements which by the terms of such consents, approvals, actions, filings or notices can only be effected on or after the Closing) and (iii) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any governmental or regulatory authority shall have occurred.

(e) All necessary third party consents (or in lieu thereof waivers) and agreements specified in Schedule 3.3(d)(ii) hereto, including confirmation that Shirokikh and the Company were properly notified and waived their right of first refusal in connection with Purchaser's acquisition of the shares (or the relevant time period has expired), (i) shall have been obtained by the Purchaser, (ii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived (unless any such condition relates to reporting or other requirements which by the terms of such consents can only be effected on or after the Closing) and (iii) shall be in full force and effect.

(f) The Purchaser shall have delivered to the Seller a certificate of the Secretary of the Board of Directors of OAO "Vimpel-Communications" ("**VimpelCom**") as to the incumbency of, and such other documents as are necessary to evidence the signatory authority of, the Person or Persons executing this Agreement, and all other documents delivered hereunder on behalf of the Purchaser, attached to which are true and correct copies of the Purchaser's charter and resolutions of the Purchaser's shareholders, authorizing the Purchaser's execution, delivery and performance of this Agreement and the acquisition of the Shares in accordance with the terms hereof.

(g) The Purchaser shall have delivered by hand, by courier or by fax to the Seller the documents listed in Schedule 4.1 (g) hereto.

(h) ZAO Citibank shall have delivered to the Company and the Seller a waiver satisfactory in form and substance to the Seller confirming that ZAO Citibank has waived any event of default under the Credit Agreement dated November 4, 1997 (the "**Citibank Credit Agreement**") between and among the Company, ZAO Citibank (formerly known as Citibank T/O) and the Seller, which, in the absence of such waiver, would arise as a result of the consummation of the Transaction.

(i) VimpelCom and the Seller shall have entered into a binding guarantee agreement (the "**Guarantee**") satisfactory in form and substance to the Seller under which VimpelCom shall have agreed to (i) ensure that (A) the Seller is released from all of its obligations under the Citibank Guarantee between the Seller and Citibank, N.A. (the "**Citibank Guarantee**") in respect of the Company's obligations under the Citibank Credit Agreement and (B) the Seller is released from all of its obligations, if any, under the Citibank Credit Agreement, in each case, no later than January 15, 2003.

4.2 *Conditions Precedent to Purchaser's Obligations.* The Purchaser's obligation to purchase the Shares from the Seller shall be subject to the following conditions having been satisfied (or waived in writing by the Purchaser):

(a) The Seller's representations and warranties contained in this Agreement shall be true and correct on and as of the Closing Date.

(b) The Seller shall have fully performed and complied with its obligations under Section 5.1 (to the extent not waived in writing by the Purchaser).

(c) There shall not be in effect on the Closing Date any Order or law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement and there shall not be pending on the Closing Date any Action or Proceeding or any other action in, before or by any governmental or regulatory authority which could reasonably be expected to result in the issuance of any such Order or the enactment, promulgation or deemed applicability to the Purchaser or the Seller or the transactions contemplated by this Agreement of any such law.

(d) All consents, approvals and actions of, filings with and notices to any governmental or regulatory authority specified in Schedule 3.1(d)(ii) and Schedule 3.3(d)(ii) hereto which are required to have been obtained, made or given (as applicable) by the Seller or the Purchaser, as applicable, pursuant to applicable law and are necessary for the performance of the obligations of the Seller or the Purchaser, as applicable, under this Agreement (i) shall have been duly obtained, made or given, (ii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived (unless any such condition relates to reporting or other requirements which by the terms of such consents, approvals, actions, filings or notices can only be effected on or after the Closing) and (iii) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any governmental or regulatory authority shall have occurred.

(e) All necessary third party consents (or in lieu thereof, waivers) and agreements specified in Schedule 3.1(d)(ii) and Schedule 3.3(d)(ii) hereto, including confirmation that Shirokikh and the Company were properly notified and waived their rights of first refusal in connection with Purchaser's acquisition of the Shares (or relevant time period has expired), (i) shall have been obtained by the Seller or the Purchaser, as applicable, (ii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived (unless any such condition relates to reporting or other requirements which by the terms of such consents can only be effected on or after the Closing) and (iii) shall be in full force and effect.

(f) The Seller shall have delivered to the Purchaser a certificate of a director of the Seller as to the incumbency of, and such other documents as are necessary to evidence the signatory authority of, the Person or Persons executing this Agreement, the share transfer order for the transfer of the Shares to the Purchaser (the **"Transfer Order"**) and all other documents required to be delivered hereunder on behalf of the Seller, attached to which are true and correct, duly apostilled and notarized copies of the Seller's constitutive documents and resolutions of the Seller's board of directors, and, if required by applicable law, the Seller's shareholders, authorizing the Seller's execution, delivery and performance of this Agreement and the sale of the Shares in accordance with the terms hereof.

(g) The Company shall have transferred the functions of the holder of the register of shareholders (owner of registered securities) of the Company to OAO National Registration Company (Moscow, Ul. Veresaeva, 6) and the Seller shall have delivered to the Purchaser an extract from the register of the Company's shareholders dated the Closing Date, showing the Seller as the owner of the Shares, free and clear of all Liens (other than the Company's and other shareholders' rights arising under the Company's charter and foundation agreement and Russian law in respect of future transfers of the Shares).

(h) If the Seller wishes the Purchase Price to be paid to a bank account other than the account specified in Section 7.8, the Seller shall have delivered (or caused to be delivered) to the Purchaser at least three (3) Business Days prior to the date on which such payment is scheduled to be made the Seller's instruction for the wire transfer of the Purchase Price.

(i) The Purchaser shall have obtained a fairness opinion from a Russian investment bank, addressed to VimpelCom's board of directors, as to the fairness, from a financial point of view, to VimpelCom, the Purchaser and VimpelCom's minority shareholders of the terms of the Transactions.

(j) Prior to or concurrently with its obligations under this Agreement becoming unconditional, the Purchaser's obligations under the Shirokikh Share Purchase Agreement shall have become unconditional, and the closing under the Shirokikh Share Purchase Agreement shall be consummated on the Closing Date simultaneously with the Closing.

5. COVENANTS

5.1 *Covenants of Seller*. The Seller covenants and agrees with the Purchaser that, at all times from and after the date hereof until the earlier of (i) the date of termination of this Agreement and (ii) the Closing, the Seller will comply with all covenants and provisions of this Section 5.1.

(a) The Seller will not take, nor will it permit any of its affiliates (or authorize or permit any investment banker, financial advisor, attorney, accountant or other Person (as hereinafter defined) retained by or acting for or on its behalf or on behalf of any such affiliate) to take, directly or indirectly, any action to initiate, assist, solicit, negotiate, encourage or accept any offer or inquiry from any Person (or any Person known by the Seller to be acting on behalf of another Person) to engage in, reach any agreement or understanding (whether or not such agreement or understanding is absolute, revocable, contingent or conditional) for the transfer, assignment, pledge, acquisition or other disposition of any of the Shares. If the Seller (or any Person acting for or on its behalf) receives from any Person any offer, inquiry or informational request relating to any transaction of the type referred to in this Section 5.1(a), the Seller will promptly advise the Purchaser in writing of such offer, inquiry or request and, if such offer, inquiry or request is in writing, deliver a copy thereof to the Purchaser.

(b) The Seller shall take all steps necessary and proceed diligently and in good faith to satisfy each condition precedent contained in Section 4.2 which is required to be fulfilled by it, and shall immediately notify the Purchaser when the Seller believes such conditions precedent have been fulfilled or when the Seller is unable to satisfy any such condition precedent.

(c) Subject to the fulfillment of conditions listed in Section 4.1 hereof, the Seller covenants to waive its preemptive rights with respect to the purchase of Shirokikh’s shares in the Company by the Purchaser.

(d) The Seller covenants to use its best efforts to cure any violations or breaches of any representations, covenants or conditions and to take all necessary steps to fulfill the conditions set forth herein.

5.2 *Covenants of Purchaser*. (a) The Purchaser covenants and agrees with the Seller that, at all times from and after the date hereof until the Closing, the Purchaser will comply with all covenants and provisions of this Section 5.2(a).

(i)The Purchaser shall take all steps necessary and proceed diligently and in good faith to satisfy each condition precedent contained in Section 4.1 which is required to be fulfilled by it, and shall immediately notify the Seller when the Purchaser believes such conditions have been fulfilled or when the Purchaser is unable to satisfy any such condition precedent; and

(ii) The Purchaser covenants to use best efforts to cure any violations or breaches of any representations, covenants or conditions and to take all necessary steps to fulfill the conditions set forth herein.

(b) The Purchaser covenants and agrees with the Seller that, within two (2) Business Days after the Closing, the Purchaser shall cause the Company to enter into a settlement agreement with the Seller (the "**Settlement Agreement**") in respect of the payment of the Russian ruble equivalent of one million four hundred twelve thousand one hundred ninety-four US dollars and seventy-nine cents (US$1,412,194.79) owed by the Company to the Seller (the "**Company Debt**") under the Security Agreement dated November 4, 1997 between the Company and the Seller and the Agreement for Consulting Services dated March 23, 1997, between the Company and the Seller, with at least US$470,000 of the outstanding amount thereof being due and payable on June 30, 2003, US$470,000 of the outstanding amount thereof being due and payable on December 31, 2003 and the remaining balance thereof being due and payable on June 30, 2004, in each case, to the Seller's Russian Bank Account and the Purchaser shall cause the Company to pay such accounts on such dates.

6. PUBLIC STATEMENTS AND CONFIDENTIALITY

6.1 *No Public Statements*. No announcement or press release concerning the Transaction or any matter ancillary thereto shall be made by either Party either before or after the Closing Date, without the prior written consent of the other Party, provided that nothing herein shall prevent either Party from making any announcement, notice or filing required by law or the rules of any stock exchange or securities regulatory authority to which such Party is subject; provided further that VimpelCom and Telenor ASA may issue press releases regarding the Transaction immediately upon the Closing and file copies of the same with the United States Securities and Exchange Commission, The New York Stock Exchange, Nasdaq and the Oslo Stock Exchange, as applicable.

6.2 *Non-disclosure of Present Arrangement*. The Parties shall treat as confidential for the period of three (3) years from the date hereof the terms of this Agreement and shall not, directly or indirectly, disclose, or permit the disclosure, of such terms, conditions or other aspects thereof, without prior written consent of the other Party (which consent shall not be unreasonably withheld or delayed), except to the legal, financial or business consultants or auditors of the relevant Party or to the Party's affiliates, or to third parties from whom a Party is required to obtain a consent or approval , provided that nothing herein shall prevent either Party from making any announcement, notice or filing required by law or the rules of any stock exchange or securities regulatory authority to which such Party is subject.

7. MISCELLANEOUS

7.1 (a) Subject to Section 7.1(c) hereof, each Party (the "**Indemnifying Party**") agrees to indemnify, defend and hold harmless the other Party (and its principals, officers, directors, employees, affiliates and assigns) (the "**Indemnified Party**") from and against any and all losses, liabilities, damages, deficiencies, costs or expenses, including attorneys' fees, disbursements or other charges (collectively, "**Losses**"), based upon, arising out of, or otherwise in respect of any inaccuracy in or any breach of any representation, warranty, covenant or undertaking of the Indemnifying Party contained in this Agreement (but excluding any claims for lost profits). Each Party's indemnity hereunder shall be in addition to any liability to which the Indemnifying Party may otherwise be subject, provided that any recovery by the Indemnified Party from the Indemnifying Party in respect of a claim under this Section 7.1 shall be without duplication of any other recovery for such claim by the Indemnified Party from the Indemnifying Party. In the event that any claim is asserted against the Indemnified Party, or the Indemnified Party is made a party defendant in any Action or Proceeding, and such claim, Action or Proceeding involves a matter which is the subject of a claim for indemnification under this Section 7.1, then the Indemnified Party shall (i) promptly give written notice pursuant to Section 7.7 hereof to the Indemnifying Party, of such claim, Action or Proceeding, and (ii) not make any admission of liability, agreement or compromise with any Person in relation to such claim without prior written notice to the Indemnifying Party; and the Indemnifying Party shall have the right to join in the defense of said claim, Action or Proceeding at the Indemnifying Party's own cost and expense and, if the Indemnifying Party agrees in writing to be bound by and to promptly pay the full amount of any final judgment from which no further appeal may be taken to the extent such judgment involves an indemnifiable claim under this Section 7.1 and subject to the limitations in Section 7.1(c), and if the Indemnified Party is reasonably assured of the Indemnifying Party's ability to satisfy such agreement, then, at the option of the Indemnifying Party, the Indemnifying Party may take over the defense of such claim, Action or Proceeding, except that, in such case, the Indemnified Party shall have the right to join in the defense of said claim, Action or Proceeding at its own cost and expense, and the Indemnifying Party shall not make any admission of liability, agreement or compromise with respect to such claim without the prior written consent of the Indemnified Party.

(b) In addition to the obligations of the Purchaser under Section 2.2 hereof, the Purchaser agrees to indemnify, defend and hold harmless the Seller from and against any and all Losses incurred by the Seller as a result of the Seller's inability to purchase US dollars with, or otherwise effect the conversion into US dollars of, all or any portion of the Russian ruble proceeds of the Purchase Price within five (5) Business Days from the date of payment of such Russian ruble proceeds into the Seller's Russian Bank Account; provided (i) the Seller's inability to convert such Russian ruble proceeds of the Purchase Price is not due to (A) the Seller's failure to instruct the Seller's Bank to undertake such conversion or (B) the Seller's Bank's failure to effect such conversion in accordance with such instructions; (ii) the Seller shall take reasonable actions to mitigate any such Losses as and when such actions are permitted by applicable law; and (iii) the Seller makes a claim for any such Loss within twelve (12) months from the date of payment of the Russian ruble proceeds which the Seller has been unable to convert into US dollars.

(c) Notwithstanding any other provision of this Agreement to the contrary:

(i) subject to the limitations specified in sub-clauses (ii) - (v) (inclusive) of this Section 7.1(c), the aggregate liability of each Party for indemnification under Section 7.1(a) hereof shall not exceed the lesser of (A) an amount equal to the total of such Party's Losses indemnified against hereunder and (B) the Purchase Price;

(ii) the aggregate liability of the Seller for indemnification for any inaccuracy in or any breach of any of the Seller's representations and warranties contained in Section 3.2 hereof shall not exceed the lesser of (A) an amount equal to forty-nine percent (49%) of the total of the Purchaser's Losses arising from such inaccuracy or breach and indemnified against hereunder and (B) US$7,000,000; provided that (1) if as of the date any claim is made hereunder by the Purchaser in respect of any such inaccuracy or breach, the aggregate amount of all claims made by the Purchaser under this Section 7.1 in respect of Section 3.2 (including the proposed claim) does not exceed US$500,000, the Seller shall have no liability hereunder and (2) if as of the date any claim is made hereunder by the Purchaser in respect of any such inaccuracy or breach, the aggregate amount of all claims made by the Purchaser under this Section 7.1 in respect of Section 3.2 (including the proposed claim) exceeds US$500,000, subject to the limitations specified in this Section 7.1(c)(ii) above, the Seller shall be liable for the entire amount of such claims;

(iii) a Party shall have no liability in respect of any claim unless such claim is made in good faith and unless written particulars of such claim (giving such details of the specific matter in respect of which such claim is made as are then in the possession the claimant Party) shall have been given to such Party pursuant to Section 7.7 hereof (A) in the case of any claim made by a Party in respect of Section 3.1 (other than Section 3.1(g)), Secction 3.2 or Section 3.3 hereof, within the twelve (12)-month survival period specified in Section 7.1(d)(i) hereof and (B) in the case of any claim made by the Purchaser in respect of Section 3.1(g) hereof, within the twenty-four (24)-month survival period specified in Section 7.1(d)(ii) hereof;

(iv) no Party shall have any liability in respect of any claim under this Section 7.1 if:

(A) such claim shall arise by reason of a liability of a Party which is contingent only, in which case, the Indemnifying Party shall have no obligation to make any payment in respect of such claim until such time as the contingent liability ceases to be contingent and becomes actual; and

(B) to the extent that such claim relates to any Loss for which the claimant Party actually recovers under the terms of any insurance policy in effect at the Closing Date; and

(v) no Party shall be entitled to be paid more than once in respect of any claim arising out of the same subject matter.

(d) Each Party has the right to rely fully upon the representations, warranties, covenants and agreements of the other Party contained in this Agreement. All representations and warranties of the Parties contained in Section 3 shall survive the Closing and (i) in the case of the representations and warranties of the Parties contained in Section 3.1 (other than Section 3.1 (g)), Section 3.2 and Section 3.3 hereof, shall remain in effect for a period of twelve (12) months following the Closing Date and (ii) in the case of the representations and warranties of the Seller contained in Section 3.1(g) hereof, shall remain in effect for a period of twenty-four (24) months following the Closing Date. In addition to the foregoing, the obligations of the Parties under this Section 7.1 shall survive the Closing and the termination of this Agreement.

7.2 *Term and Early Termination*. This Agreement shall take effect on the date hereof and shall terminate in the earlier of: (i) full performance of the Parties' obligations hereunder, (ii) the mutual written consent of the Parties and (iii) January 31, 2003 if the Closing has not occurred prior to such date. If this Agreement is validly terminated pursuant to Section 7.2(i) or (ii), this Agreement will forthwith become null and void, and there will be no liability or obligation on the part of the Seller or the Purchaser (or any of their respective officers, directors, employees, agents or other representatives or affiliates), except that (A) Section 7.1, Section 7.6 and Section 8 hereof will continue to be in effect and shall apply following any such termination and (B) if the Closing occurs, Section 5.2(b) hereof will continue to be in effect and shall apply following the Closing and any such termination. Notwithstanding any other provision in this Agreement to the contrary, upon termination of this Agreement pursuant to Section 7.2(iii), the Seller will remain liable to the Purchaser for any breach of this Agreement by the Seller existing at the time of such termination, and the Purchaser will remain liable to the Seller for any breach of this Agreement by the Purchaser existing at the time of such termination, and the Seller or the Purchaser, as the case may be, may seek such remedies, including damages and legal fees, against the other Party with respect to any such breach as are provided in this Agreement or as are otherwise available at law.

7.3 *Amendments*. No amendment or modification to this Agreement shall be effective unless made in writing and signed by both Parties.

7.4 *Waiver*. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. The failure of a Party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of any right hereunder, nor shall it deprive that Party of the right thereafter to insist upon the strict adherence to the respective term or any other terms of this Agreement.

7.5 *Parties in Interest*. This Agreement shall be binding upon, and inure to the benefit of, the Parties and may not be assigned by the Seller or the Purchaser to any third party, without the prior written consent of the other Party.

7.6 *Expenses*. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each of the Parties will pay its own costs and expenses, including, without limitation, legal fees, incurred in connection with the negotiation, execution and closing of this Agreement and the transactions contemplated hereby.

7.7 *Notices*. All notices, requests, demands and other communications shall be in writing and delivered by hand, by courier, by post or facsimile and shall be addressed as follows:

If to the Purchaser, to:

OAO "VimpelCom-Region"
10 Ulitsa 8-Marta
Building 14
Moscow 127083
Russian Federation

Attn: Alexei M. Mischenko
Fax: +7 095 910 5993

If to the Seller, to:

Telenor Mobile Communications AS
Snarøyveien 30
N-1331 Fornebu
Norway

Attn: Mr. Arne-Kjetil Lian
Fax: +47 962 11 789

or to such other address or to such other Person as any Party shall have last designated by notice to the other Party. All such notices, requests and other communications, including any request for arbitration will: (a) if delivered personally to the address as provided in this Section 7.7, be deemed given and effective upon delivery, (b) if delivered by facsimile transmission to the facsimile number as provided in this Section 7.7, be deemed given and effective upon receipt, and (c) if delivered by courier in the manner described above to the address as provided in this Section 7.7, be deemed given and effective upon confirmed receipt (in each case, regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section 7.7).

7.8 *Seller's Account*. Unless otherwise notified by the Seller to the Purchaser in writing, the Seller's Russian Bank Account shall be:

ZAO Citibank
8-10 Gasheka
125047 Moscow
Russian Federation
("Russian text was illegible") 044525202
Acc. 30101810300000000202
Account No.: 40814810800500804025
INN: 7738149054

7.9 *Languages and Counterparts*. This Agreement has been executed in two counterparts, each in both the Russian and English languages, one for each Party. In the event of any discrepancies or differences between the texts, the English version shall prevail.

7.10 *Entire Agreement*. This Agreement supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof, and contains the sole and entire agreement between the Parties with respect to the subject matter hereof.

8. GOVERNING LAW AND DISPUTE RESOLUTION

8.1 *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America, without giving effect to any conflicts of laws principles thereof which would result in the application of the laws of another jurisdiction.

8.2 *Dispute Resolution*.

(a) Any and all disputes and controversies arising under, relating to or in connection with this Agreement shall be settled by arbitration by a panel of three (3) arbitrators under the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules then in force (the "**UNCITRAL Rules**") in accordance with the following terms and conditions:

(i)In the event of any conflict between the UNCITRAL Rules and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(ii) The place of the arbitration shall be Geneva, Switzerland.

(iii) Where there is only one claimant party and one respondent party, each shall appoint one arbitrator in accordance with the UNCITRAL Rules, and the two arbitrators so appointed shall appoint the third (and presiding) arbitrator in accordance with the UNCITRAL Rules within thirty (30) days from the appointment of the second arbitrator. In the event of an inability to agree on a third arbitrator, the appointing authority shall be the International Court of Arbitration of the International Chamber of Commerce, acting in accordance with such rules as it may adopt for this purpose. Where there is more than one claimant party, or more than one respondent party, all claimants and/or all respondents shall attempt to agree on their respective appointment(s). In the event that all claimants and all respondents cannot agree upon their respective appointment(s) within thirty (30) Business Days of the date of the notice of arbitration, all appointments shall be made by the International Court of Arbitration of the International Chamber of Commerce.

(iv) The English language shall be used as the written and spoken language for the arbitration and all matters connected to the arbitration.

(v) The arbitrators shall have the power to grant any remedy or relief that they deem just and equitable and that is in accordance with the terms of this Agreement, including specific performance, and including, but not limited to, injunctive relief, whether interim or final, and any such relief and any interim, provisional or conservatory measure ordered by the arbitrators may be specifically enforced by any court of competent jurisdiction. Each Party retains the right to seek interim, provisional or conservatory measures from judicial authorities and any such request shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate.

(vi) The award of the arbitrators shall be final and binding on the Parties.

(vii) The award of the arbitrators may be enforced by any court of competent jurisdiction and may be executed against the person and assets of the losing party in any competent jurisdiction.

(b) Except for arbitration proceedings pursuant to Section 8.2(a), no action, lawsuit or other proceeding (other than the enforcement of an arbitration decision, an action to compel arbitration or an application for interim, provisional or conservatory measures in connection with the arbitration) shall be brought by or between the Parties in connection with any matter arising out of or in connection with this Agreement.

(c) Each Party irrevocably appoints CT Corporation System, located on the date hereof at 111 Eighth Avenue, 13th Floor, New York, New York 10011, USA, as its true and lawful agent and attorney to accept and acknowledge service of any and all process against it in any judicial action, suit or proceeding permitted by Section 8.2(b), with the same effect as if such Party were a resident of the State of New York and had been lawfully served with such process in such jurisdiction, and waives all claims of error by reason of such service, provided that the Party effecting such service shall also deliver a copy thereof on the date of such service to the other Party by facsimile as specified in Section 7.7. Each Party will enter into such agreements with such agent as may be necessary to constitute and continue the appointment of such agent hereunder. In the event that any such agent and attorney resigns or otherwise becomes incapable of acting, the affected Party will appoint a successor agent and attorney in New York reasonably satisfactory to the other Party, with like powers. Each Party hereby irrevocably submits to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York City, in connection with any such action, suit or proceeding, and agrees that any such action, suit or proceeding may be brought in such court, provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 8.2 and shall not be deemed to be a general submission to the jurisdiction of said courts of or in the State of New York other than for such purpose. Each Party hereby irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such action, suit or proceeding brought in such a court and any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum. Nothing herein shall affect the right of a Party to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the other Party in any other jurisdiction in a manner not inconsistent with Section 8.2(b).

(d) Each of the Purchaser and the Seller hereby represents and acknowledges that it is acting solely in its commercial capacity in executing and delivering this Agreement and in performing its obligations hereunder, and each of the Purchaser and the Seller hereby irrevocably waives with respect to all disputes, claims, controversies and all other matters of any nature whatsoever that may arise under or in connection with this Agreement and any other document or instrument contemplated hereby, all immunity it may otherwise have as a sovereign, quasi-sovereign or state-owned entity (or similar entity) from any and all proceedings (whether legal, equitable, arbitral, administrative or otherwise), attachment of assets, and enforceability of judicial or arbitral awards.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

The Seller
TELENOR MOBILE COMMUNICATIONS AS
/signed/

By: _____

Name: Arne-Kjetil Lian
Title: Attorney-in-Fact
/Seal/

The Purchaser
OPEN JOINT STOCK COMPANY
"VIMPELCOM-REGION"
/signed/

By: _____

Name: A.Mishchenko
Title: General Director
/seal/

EXHIBIT 8

List of Consolidated Subsidiaries

The following is a list of consolidated subsidiaries of Open Joint Stock Company "Vimpel-Communications" as of December 31, 2002 and the jurisdiction of incorporation of each.

Subsidiary	Jurisdiction of Incorporation
Closed Joint Stock Company BeeOnLine-Portal	Russia
Closed Joint Stock Company Cellular Company	Russia
Closed Joint Stock Company Extel	Russia
Closed Joint Stock Company Impuls KB	Russia
Closed Joint Stock Company Mobile Communication Center-Lipetsk	Russia
Closed Joint Stock Company Mobile Communication Center-Nizhny Novgorod	Russia
Closed Joint Stock Company Mobile Communication Center-Ryazan	Russia
Closed Joint Stock Company Mobile Communication Center-Smolensk	Russia
Closed Joint Stock Company Mobile Communication Center-Tver(1)	Russia
Closed Joint Stock Company MSS Start	Russia
Closed Joint Stock Company RTI Service-Svyaz	Russia
Limited Liability Company Vostok-Zapad Telecom	Russia
Open Joint Stock Company Bee-Line Samara	Russia
Open Joint Stock Company "KB Impuls"	Russia
Open Joint Stock Company "Orensot"	Russia
Open Joint Stock Company VimpelCom-Region	Russia
VC ESOP N.V.	Netherlands
VimpelCom Finance B.V.	Netherlands
VimpelCom B.V.	Netherlands
VimpelCom (BVI) Limited	British Virgin Islands
VC Limited	British Virgin Islands

(1) We disposed of our interest in Closed Joint Stock Company Mobile Communication Center-Tver in 2003.

Filename: d56093_ex12-1.htm
Type: EX-12.1
Comment/Description: Certification of CEO pursuant to Section 906
(this header is not part of the document)

Exhibit 12.1

CERTIFICATION OF PERIODIC REPORT

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1350, and accompanies the annual report on Form 20-F (the "Form 20-F") for the year ended December 31, 2002 of Open Joint Stock Company "Vimpel-Communications") (the "Issuer").

I, Jo O. Lunder, the Chief Executive Officer and General Director of the Issuer, certify that:

(i) the Form 20-F fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(ii) the information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Dated: June 27, 2003.

By: /s/ Jo O. Lunder

Name: Jo O. Lunder
Title: Chief Executive Officer and General Director

A signed original of this written statement required by Section 906 has been provided to Open Joint Stock Company "Vimpel-Communications" (the "Company") and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Filename: d56093_ex12-2.htm
Type: EX-12.2
Comment/Description: Certification of CFO pursuant to Section 906
(this header is not part of the document)

Exhibit 12.2

CERTIFICATION OF PERIODIC REPORT

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1350, and accompanies the annual report on Form 20-F (the "Form 20-F") for the year ended December 31, 2002 of Open Joint Stock Company "Vimpel-Communications") (the "Issuer").

I, Elena Shmatova, the Acting Chief Financial Officer of the Issuer, certify that:

(i) the Form 20-F fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(ii) the information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Dated: June 27, 2003.

By: /s/ Elena Shmatova

Name: Elena Shmatova
Title: Acting Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Open Joint Stock Company "Vimpel-Communications" (the "Company") and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 12.3

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the previously filed Registration Statement on Form S-8 (File No. 333-13008) pertaining to the VimpelCom 2000 Stock Option Plan of our report dated March 14, 2003, with respect to the consolidated financial statements of Open Joint Stock Company Vimpel-Communications, included in the Annual Report (Form 20-F) of Open Joint Stock Company Vimpel-Communications, for the year ended December 31, 2002.

Ernst & Young (CIS) Limited
Moscow, Russia
23 June 2003