



PIONEERING

TOWARDS THE DIGITAL FRONTIER

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Our vision

VimpelCom's vision is to be a pioneer, working at the frontier to unlock new opportunities for customers as they navigate the digital world.

As pioneers, we travel light, respect the world around us, move quickly and are at home at the frontier.

Reconnecting with our pioneering spirit has given us the impetus to begin a major transformation focused on bringing the digital world to each and every customer – unlocking opportunity and enabling everyone to lead richer lives. We are pioneering towards the digital frontier, within the sizeable growth markets VimpelCom operates in.

To seize these opportunities as well as to implement a major transformation of VimpelCom, we are moving toward our vision with a speed and commitment that we believe distinguishes us from the competition.

Our values

Our pioneering spirit is the bedrock of our culture; it unites us around the world, guides our decisions and conscience, and challenges us to deliver greater value for our customers. It challenges us to be curious, to lead, to dare to try something new, always with our customers' needs and trust at the center of everything we do.

We are:

- Customer-obsessed
- Entrepreneurial
- Innovative
- Collaborative
- Truthful

A PIONEERING SPIRIT

Discover how our strategic priorities are shaping our transformation on page 10

The business that has now become VimpelCom started when a 25-year-old entrepreneur who spoke no Russian and a 63-year-old scientist who spoke no English met in 1992. They shared a pioneering spirit that inspired them to bring wireless communications to Russia, transforming lives and businesses. Today, the company that Augie K. Fabela II and Dmitry B. Zimin went on to found is one of the largest telecommunications and technology businesses in the world, with over 217 million mobile customers across 14 markets, and networks reaching 10% of the world's population.

To build on this unique opportunity and to ensure the continued success of VimpelCom, we are channeling our entrepreneurial drive into the rapid transformation of our business. We aim to disrupt the traditional telecommunications model and move beyond connectivity into the digital world, as a service to our customers. Our customers drive everything that we do; we have put them at the center of our new business model, focusing on the transformative potential that new technology can trigger in their lives, families, institutions and businesses.

AN INTERNATIONAL COMMUNICATIONS AND TECHNOLOGY COMPANY

Having grown rapidly from a single city network to now operating in multiple geographies, VimpelCom focuses on globalizing its business model and leveraging synergies between each of its operations. VimpelCom is aiming to improve its customer experience by adopting best-in-class practices, reaping benefits from joint purchasing, introducing shared platforms and many other initiatives. The trailblazing drive that inspired the founders continues to be the basis for our success.



Connecting

217m

customers

through networks that reach

10%

of the world's population

offering services in

14

countries

through

7

brands



From the Chairman and Chief Executive Officer

EMBRACING THE DIGITAL OPPORTUNITY

“2015 marked an important milestone in the history of our Company. We began to lay the foundations for an exciting journey that will transform our business model and allow us to embrace the opportunities of the digital age.”



ALEXEY M. REZNIKOVICH AND JEAN-YVES CHARLIER

A handwritten signature in black ink, appearing to read 'Alexey'.

ALEXEY M. REZNIKOVICH
Chairman of the Supervisory Board

A handwritten signature in black ink, appearing to read 'J. Charlier'.

JEAN-YVES CHARLIER
Chief Executive Officer

This year has been an important milestone in VimpelCom's history with the launch of our Transformation Program. The strategic priorities that make up this plan allow us to look forward to the future and the promise it holds for us to make a significant impact on 10% of the world's population that we have the ability to reach.

Our world is undergoing an unprecedented shift in the way people are able to communicate and interact. This is reshaping our society, connecting billions of consumers around the world and creating new possibilities. This is a unique opportunity for us as one of the world's largest communications companies. It means we can use this scale to bring new services to customers as they navigate the digital world.

Our heritage as an entrepreneurial and pioneering business means we recognize and embrace that this is a pivotal moment for the industry, as we meet the demands of an increasingly digital world with the infrastructure that comes from a traditional telecommunications era. Our history has taught us the importance of anticipating future trends in communication and ensuring we are best placed to leverage them.

We have already made significant progress on our transformative journey. The changes we have implemented will ensure we continue to deliver the technological solutions our customers demand while enhancing overall levels of satisfaction. By doing so, we are also laying the foundations for increasing returns to our shareholders.

It is with determination that we embarked on our Transformation Program, announced in August, which is expected to deliver at least USD 750 million of annual cash flow improvements by 2018. More than USD 300 million was realized already in 2015 mostly through more efficient capital expenditure (Capex) following our initiative to move to a more asset light operating model. In 2016, we expect the Company to further improve by generating more EBITDA at yet lower Capex, leading to the expectation that this year will see significant operating free cash flow (EBITDA minus Capex) generation. The aim of the Program is to ensure that our business is ideally placed to capitalize on the digital opportunities which our frontier markets bring.

Though we continue to operate in a difficult climate of macroeconomic instability and regulatory change, significant strategic steps forward have been taken. We have made progress in improving our in-market positions and capital strength, agreeing to a joint venture in Italy between Hutch 3 and WIND, announcing a merger between our Mobilink business in Pakistan and Warid, and agreeing to sell our non-core business in Zimbabwe. In Algeria, the transaction with the Fonds National d'Investissement (FNI) provided a more certain future for the business and enabled us to start a full transformation program. The transaction, on a group level, also released significant cash amounts to Global Telecom Holding (GTH) and VimpelCom to pay down gross debt.

There have been difficult moments in 2015 for the Company, with exceptional costs principally in relation to investigations by the U.S. Securities and Exchange Commission, the U.S. Department of Justice and the Dutch Public Prosecution Service (Openbaar Ministerie) concerning our business in Uzbekistan. Resolving this has been a top priority for VimpelCom. While this has been a very challenging experience for our business and our employees, we are pleased to have reached agreements with the authorities in February 2016. The wrongdoing, which we deeply regret, is unacceptable. We have taken, and will continue to take, strong

measures to embed a culture of integrity and accountability across the group. We have significantly strengthened our internal controls and compliance program. In the last two and a half years, VimpelCom has appointed a new Chief Executive Officer, Chief Financial Officer, Group General Counsel, Chief Performance Officer, and Group Chief Compliance Officer to drive the necessary change forward.

As we look to the year ahead, we are focused on unlocking opportunities for our customers. Though 2016 will continue to present a challenging environment for the industry, we are confident that our pioneering spirit will help us navigate the challenges ahead.

Our footprint gives us the opportunity to introduce new technologies that can transform the way people learn, work and do business, and our established history and strong position in emerging markets – less contested by global competitors than in more mature markets – are a major source of future growth. The diversity of our service portfolio and significant subscriber base are a strong foundation upon which our Transformation Program is based.

This program outlines our six strategic priorities as we look to build new revenue streams through an increased monetization of our existing customer base of over 200 million customers, and through fixed mobile convergence and business to business (B2B) focus. We will further incorporate digital practices into our business to improve customer experience and engagement, and explore the potential of adding over-the-top (OTT) services and content to our portfolio. As part of our ongoing efforts to streamline the way we provide services, we will cut operating costs, digitize many of our operating systems to enable customer self-care, and open new shared service centers which will have a global scope. We will continue to optimize our portfolio and our capital intensity, building upon the progress made in Italy, Pakistan and Zimbabwe. Our ambition is to create world class operations in every market, with an increased customer satisfaction, and renewed efforts to deliver innovative new services to our customers.

With these six strategic priorities, our transformation program will make the year ahead one of the most important in our history. We will continue to build on the progress made in the second half of 2015, when we saw VimpelCom turning the corner in a number of aspects, despite the very significant currency headwinds which in US dollar terms shaved off a quarter of our top line and gross profitability (EBITDA). Revenues in constant (local) currencies, however, started growing again. We saw our market positions improve, with VimpelCom being market share leader in five and a strong number 2 in three of its countries. Our NPSs have improved in most of our operations, with a lead position in seven countries. With structural improvements around balance sheet strength and much lower associated financial cost, we expect to start generating substantial funds for our shareholders again soon. Once the proposed Joint Venture in Italy (between our subsidiary Wind and Hutch 3) closes, VimpelCom expects to have the opportunity to return to a substantive dividend policy from 2017 onwards.

We are confident that we will embrace the future of the industry as people's communication needs evolve while moving towards a digital lifestyle. Our agility, customer base and expertise give us a strong foundation to embark on this exciting new chapter, pioneering towards the digital frontier.

A PIONEERING SPIRIT IS IN OUR DNA



FOUNDERS DMITRY B. ZIMIN AND AUGIE K. FABELA II

When we founded VimpelCom in 1992, the world was a very different place, but our ambition for the business hasn't changed. It has always been about the spirit we started the business with - our appetite to be pioneers, to discover new ways of doing things that will always delight and surprise our customers, and ultimately, to unlock new opportunities for our customers who, today, are just learning how to navigate the digital world.

Over the last 25 years, VimpelCom has pushed the boundaries to deliver transformational change, but the transformation we're undergoing today is the most ambitious and exciting of all.

Our industry and the world today stand at a crossroads. The new digital revolution brings tools to address and leapfrog development challenges from access to education and healthcare to innovative governance and open collaboration, diminishing geographical borders and creating new opportunities for the next generation.

We need to meet the challenge of the digital revolution head on, with a bold vision that remains true to our pioneering heritage and one that continues to push the boundaries of exploration across new frontiers. We are proud that the team leading the business through this transformation has this vision and expertise to take us on the journey.

A TRANSFORMATIONAL JOURNEY



AUGIE K. FABELA II

Founder and Chairman Emeritus

How has the business changed since its inception?

We have over 217 million customers, that is more subscribers than AT&T and Verizon. From our early beginnings, with just 16 pioneers, based in one city, we now have 59,000 employees across 14 markets. The growth of our business has always been driven by the same thirst to innovate, challenge the status quo and operate at the frontier.

How are you expecting the industry to develop in 2016?

My prediction for 2016 is that we will see some very innovative digitally-led products coming out of the emerging markets that have the potential to disrupt the industry in a significant way. I'm excited about the role we can play in bringing these to our customers and look forward to the dynamic and unexpected collaborations that will deliver the best digital services globally. And finally, I think we'll see further blurring of geographical boundaries, as products begin to truly transcend market borders.

What are the key challenges facing the industry?

The industry is in a state of flux as many of our peers seek to meet the changing needs and demands of customers, while competing with the many digital services available. I believe this presents a challenge but also a very exciting opportunity; we have the trust of our customers and the infrastructure to offer them innovative and game-changing products that can unlock opportunities and enrich their lives.

I believe we are uniquely placed to embrace this chapter in our industry's evolution.

TURNING THE CORNER

→ New strategic framework launched and on track

→ Delivered on 2015 targets

Total revenue (USD)	EBITDA margin, underlying ² (%)	OCF margin ³ , underlying (%)	Net DEBT/EBITDA underlying
9.6bn ✓	40.8% ✓	22.6% ✓	1.4x ✓
+ 1% YoY organic ¹ growth (- 2% YoY organic decline in 2014)	(41.6% in 2014)	(20.6% in 2014)	(2.4x in 2014)

→ Continued operational improvements in most operations

USD million	2015	2014	Reported YoY	Organic ¹ YoY
Total revenue, of which	9,625	13,517	(29%)	1%
service revenue	9,332	13,231	(29%)	(0.2%)
EBITDA reported	2,875	5,560	(48%)	(18%)
EBITDA underlying	3,926	5,625	(30%)	(1%)
EBITDA margin underlying	40.8%	41.6%	(0.8p.p.)	
Net income/(loss) from continued operations	(815)	(223)	n.m	
Net income/(loss) from discontinued operations (Italy)	262	(679)	n.m	
Net income/(loss) for the period attr. to VIP shareholders	(655)	(647)	n.m	

1 - organic change reflects changes in revenue and EBITDA excluding foreign currency movements

2 - underlying excludes exceptional items:

2015: of USD 1,051 million, which mainly includes USD 900 million of provision for Uzbekistan investigation and transformation costs of USD 138 million, slightly offset by positive one-offs
2014: of USD 65 million, which mainly includes USD 50 million settlement due to Algeria transaction

3 - OCF margin = (EBITDA underlying - Capex) / Total revenue

WELL POSITIONED

The traditional growth model for telecom companies has run out of steam and VimpelCom is re-inventing itself to seize new digital opportunities and accelerate its transition

VimpelCom's results were in line with management's expectations in 2015. However, VimpelCom faces three key financial market challenges:

- First, traditional revenues are declining, as penetration has peaked and new addressable markets have failed to materialize.
- Second, the inherent complexity of our business models has resulted in high fixed cost structures while profitability margins are constantly being challenged.
- Third, capital investments remain at high levels to support our infrastructure and keep up with the development of new technologies.

In 2005, Facebook didn't exist outside of high schools and colleges. In 2006, Twitter hadn't yet been launched. In 2007, the iPhone had yet to see the light of day. In 2008, we weren't even downloading apps from the AppStore. And in 2009, no one had ordered an Uber taxi.

Today, other OTT players (e.g. Skype, WhatsApp, Viber) are further disrupting telecom business models as they aim to capture more of the value chain. It is clear that the strategies that made the industry successful in the past are not the strategies that are going to be successful in the future. But new developments offer new opportunities.

In order to seize these opportunities, VimpelCom is transforming itself into a company that is well positioned to pioneer the frontiers ahead.

VimpelCom's objective is to reinvent itself in a transformative manner and not on an incremental basis. VimpelCom aims to find new revenue streams by investing in new products and services, transform its cost base and simplify, as well as digitalize, complex business models, processes and systems.

At the same time, VimpelCom is focused on becoming a customer-centric organization, not a network-centric business. VimpelCom will become agile again, regain the entrepreneurial spirit that made its business successful and move at the pace of a global technology leader, not a utility company of the past.

These are the foundations of VimpelCom's transformation program.

It is about shifting gear quickly and taking the business to the next level of performance and success. There is ample opportunity to offer new exciting services to customers in countries with a low penetration of basic and more modern needs such as mobile financial services.

The new strategic framework will position VimpelCom as a digital operator and will totally transform the business. This transformation is critical to VimpelCom's success in the digital era.

Smartphone penetration (2015)

31%

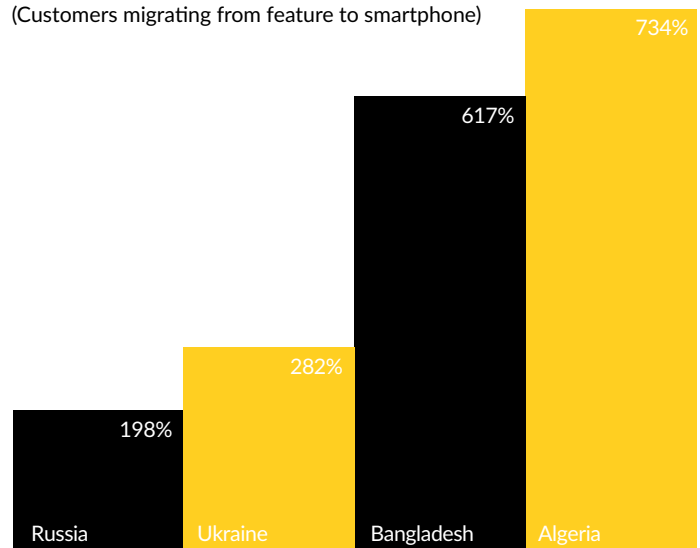
2014: 22%

Well positioned

- Leader/co-leader in NPS in 7 countries
- VimpelCom's market position 2015:
 - #1 in 5 countries
 - #2 in 2 countries
 - #3 in 2 countries

YoY mobile data ARPU growth 2015

(Customers migrating from feature to smartphone)



REINVENTING VIMPELCOM

There are six key strategic priorities as part of the program that focuses on three core elements:

- Finding new revenue streams and selectively consolidating a number of markets to ensure that VimpelCom is either #1 or a strong #2 in each of our markets
- Transforming the cost base by simplifying, digitalizing and reinventing business models, processes and systems
- Operating VimpelCom in line with world-class standards and addressing structural issues within the business

The six strategic priorities are:

#1 New revenue streams

There are several areas that provide opportunity for further growth in telecoms: data, fixed broadband and B2B. VimpelCom needs to accelerate monetization of data growth, leveraging its device portfolio, distribution presence and control, as well as integrated data pricing. Fixed broadband is becoming a growth opportunity in many emerging markets. By smartly expanding fixed broadband footprint, leveraging the large mobile base and existing network, VimpelCom aims to capture growth in emerging household needs, as well as fulfilling the greater need for fixed mobile convergence. Finally, given the B2B segment's growth potential in emerging markets and a solid starting point in its operations, VimpelCom plans to leverage B2B as a growth engine.

#2 Digital leadership

Customers across the world are increasingly leading digital lives, while new OTT providers are disrupting telecom business models. VimpelCom is reinventing itself as a digital operator and building strong relationships with customers in a digitally focused model. VimpelCom aims to expand its role beyond connectivity, leveraging its direct relationship with consumers and capturing digital services opportunities in segments that can deliver sizable growth in the mid-term. VimpelCom will also exploit asset-light models through partnerships, make effective use of current assets, and look to drive an increase in customer engagement.

#3 Performance transformation

The telecom industry has developed a complex operating model with high fixed costs and a high level of investment to keep up with new services and new technologies. Profits have been declining and, as a result, this model is no longer sustainable. VimpelCom's cost model needs to be profoundly changed by simplifying and digitalizing the business. At the same time, VimpelCom needs to reinvent and operate the lowest-cost model across all operating companies.

#4 Portfolio and asset optimization

In the telecoms marketplace, being #1 or strong #2 makes a substantial difference and, to a certain extent, determines profitability. VimpelCom will be undertaking selective transactions in a number of markets to reinforce its strategic position by acquiring either mobile and/or fixed broadband assets.

In addition, VimpelCom intends to transform its network model to be more asset-light by evaluating options to monetize the tower portfolios, as achieved in Italy, as well as structuring network sharing partnerships to roll out leading networks more efficiently and effectively.

#5 World class operations

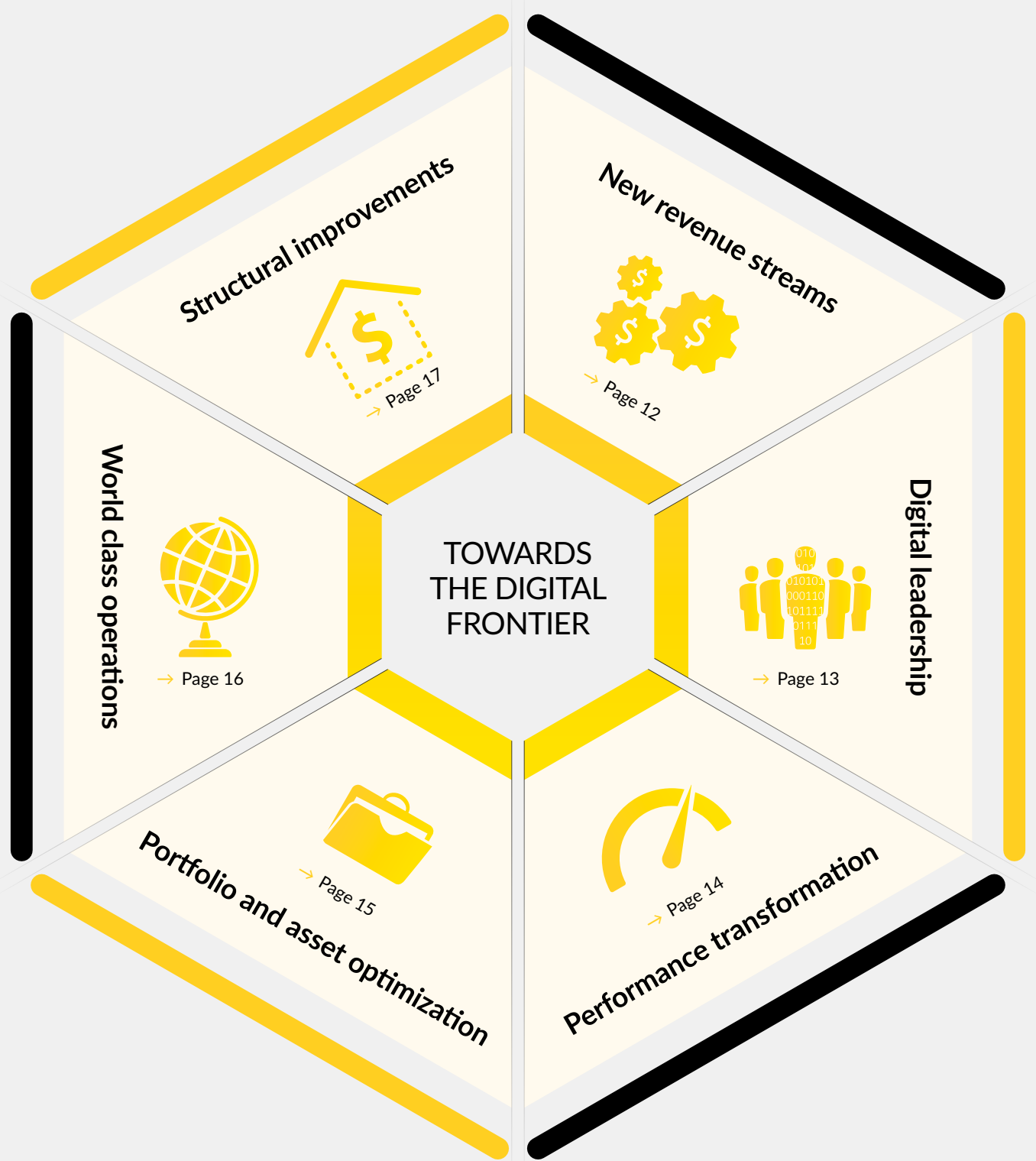
VimpelCom needs to be the best at what it does. The aim is to develop long-term leading positions in each of its markets, by focusing on the customer and offering a superior customer experience.

For VimpelCom to become a world leader in the digital economy, not only a transformation of the business is needed, but also a strong ethical culture across the whole footprint, that lives up to VimpelCom's zero tolerance for breaches of procedures or Code of Conduct rules and that is in full compliance with all local and international laws.

#6 Structural improvements

The business has been hampered in the past by several structural issues that have impacted its attractiveness to investors. VimpelCom has made significant progress in these by, for example, addressing its debt structure through the refinancing of WIND's debt, lowering its interest rate and extending maturities. The proceeds of the Algerian transaction, where 51% was sold to the Algerian National Investment Fund in 2015, were used to repay Group indebtedness.

As VimpelCom delivers against these strategic priorities, it expects a sustainable increase in annual cash flow of USD 750 million by 2018 against the 2014 baseline. In 2015 the company already made substantial progress, mainly driven by Capex efficiency, with over 40% of the USD 750million target achieved.



Structural improvements



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New revenue streams



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World class operations



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THE DIGITAL
FRONTIER**

Digital leadership



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Portfolio and asset optimization



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Performance transformation



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NEW REVENUE STREAMS



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



New revenue streams

The move toward a data-centric world is the single biggest industry change away from the traditional voice heavy model. VimpelCom is investing in its 3G and 4G/LTE networks to drive high speed services to its customers and to support the continued strong mobile data traffic growth.

The move toward a data-centric world is the single biggest industry change away from the traditional voice-heavy model. Key factors for success over the next few years for any telecoms operator will be to better manage mobile data pricing and to monetize the growth in mobile data traffic. Therefore, VimpelCom strives to ensure that it offers a proactive and customer-centric transition from legacy voice pricing to data-centric pricing with bundled tariff plans, with the ambition to retain and ultimately grow ARPU. Mobile data offerings are already becoming a significant decision factor for certain customer segments, and VimpelCom expects this trend to continue.

VimpelCom believes that its customers have an increasing demand for seamless mobile and fixed-line services as they switch between devices and locations. With significant broadband infrastructure currently in place in five key markets, VimpelCom is well-positioned to capitalize on this convergence. Having launched convergent household bundles in one of the largest markets and achieved increased retention and revenues, VimpelCom plans to continue to drive fixed mobile convergence (FMC) adoption in other markets, launching integrated 3P and 4P bundles while smartly expanding its fixed footprint.

VimpelCom believes that there is B2B growth potential in all markets, particularly with respect to SMEs interested in a variety of products like mobile and fixed convergence, big data management, etc. By tapping into underserved customer segments, extending offering and improving service quality, VimpelCom plans to turn B2B into a growth engine, unlocking opportunities across major segments.

Banglalink heads to campus for the 3G push

In September 2015, Banglalink launched the 3G awareness push with a tour of leading universities and colleges around Bangladesh.

“Banglalink has long focused on important communities in driving our growth efforts, and now that we have 3G, we see the university campuses as a critical battleground and a key priority for potential growth and innovation,” said Shihab Ahmad, Banglalink’s Chief Commercial Officer. “We are reaching out to thousands of students to share the endless possibilities that await them, embodying the indomitable spirit in this era of digitalization, and we are presenting Banglalink as the fastest and most innovative service on the market.”

The campus campaign, with special offers tailored to students, involved visits to five major institutions around the country, where Banglalink engaged students through the use of interactive branded gaming booths, 3G experience booths for demonstrating the relative speed of 3G, and displayed the benefits of the MyBanglalink self-care app.

Also playing a key role is Banglalink Mela, Banglalink’s Facebook page, which now has 5.1 million followers, 3.1 million of whom are in the 18-24 age bracket. This social media presence is critical to Banglalink’s ability to engage the youth market, and is used extensively to support events around Bangladesh.

2015 Milestones

- Data revenue growth 24% YoY in FY15
- Strong focus on developing the device portfolio and monobrand footprint
- Dedicated B2B division to focus on the enterprise segment
- Leverage the fixed broadband operations in five countries with 3.4 million customers



DIGITAL LEADERSHIP



To ensure that VimpelCom is the natural choice for customers in a data-centric world, the Company aims to offer innovative services and products and provide the best “value-for-money” data product portfolio, while staying highly price-competitive at all times.



VimpelCom plans to achieve a digital leadership position by aiming to transform its telecommunications model and radically digitizing its customers' journey, providing a seamless omni-channel experience to customers across their needs. Mobile Financial Services (MFS) is an important service the Company is offering as VimpelCom is active in largely underbanked economies. In 2015, revenue from MFS already doubled YoY. Full digitization of key customers' journeys allows VimpelCom to drastically simplify the service model while offering the convenience of 24/7 digital services. In order to do this, VimpelCom started building a rich ecosystem of digital touchpoints and state of the art tools enabling automated and accurate care interactions. VimpelCom is undertaking a significant digitization of its back-end processes and systems, including new agile BSS and OSS systems to support this transformation. In addition, VimpelCom is exploring options to offer TV and video services in all of its markets, as it is already doing in Russia with its IPTV offerings.

From the technology perspective, VimpelCom has critically revisited its entire IT landscape. A large-scale transformation project under the code name “New Digital Stack” has been launched, with the objective of enabling new capabilities such as omni-channel customer service, flexible product bundling, and more real-time customer engagement.

2015 Milestones

- Mobile financial services revenue more than doubled YoY in FY15
- London Digital division announced
- Investment in new customer engagement platform and new digital IT stack launched

Five countries in Eurasia launch Beeline Start for new smartphone users

To help make it easier for customers to fully use their smartphones and better connect with the digital world, five countries in the Eurasia region have simultaneously launched the Beeline Start app in their markets. The Beeline Start app is a directory, highlighting essential applications for customers' daily lives. It is a simple way to educate and engage customers to better use their smartphones to connect with the digital world.

“The Beeline Start app is a starter kit for new smartphone users that highlights the best apps to help them get the most out of the digital world and from being Beeline customers,” said Lasha Tabidze, who is Beeline Georgia's Chief Commercial Officer and who also led Beeline Start's implementation in Armenia, Kyrgyzstan, Tajikistan and Uzbekistan.

Beeline Start aims to address the challenge of getting new smartphone owners to become regular data users by introducing them to the most popular apps and digital services in their country, and also to Beeline's own customer self-care app, My Beeline.

Currently available as an Android app, Beeline Start offers direct download links to its featured apps at the Play Store. Beeline Start also includes built-in advertising banners and allows for in-app purchases from a user's mobile account. “This gives us a mobile advertising platform we can make available to any company, as we build our base of users,” Lasha added.

“Beeline Start is a simple idea, which has been executed well by our participating countries. In helping new smartphone owners figure out which apps to use, why they should use them, and where they can find them, Beeline Start helps customers get past the last barriers to data use,” added Mikhail Gerchuk, Head of the Eurasia business unit.



PERFORMANCE TRANSFORMATION



Increase efficiency with a new operating model.



VimpelCom's performance transformation objective is to build a new global organizational operating model that will bring together all its operating companies and its HQ to truly operate as one group. VimpelCom will achieve this by finding global and regional synergies for transactional services, consolidating its global expertise, as well as rethinking and upgrading the way networks and customer services are managed. By learning business processes such as supply chain and procurement, and by making them truly global, VimpelCom will be better placed to capture economies of scale. The new business model is equipped with strong capabilities to continuously drive profitability in order to function as a value creation engine for the future, which will enable VimpelCom to considerably reduce its cost base. The freed-up funds will be the base for a major investment program, in order for the Company to reinvent itself as the most streamlined digital operator in the world.

2015 Milestones

- Set-up of performance transformation team across the footprint
- Focus on simplification, digitalization and globalization of operations
- Reduction in 2015 Capex/revenues ratio by ~3 p.p. to 18.2%
- ~40% of USD 750 million cash flow improvement target already delivered

Strategic partnership approach

Since establishing its new approach, which was launched at the Performance Transformation Supplier Days event in Amsterdam in November 2015, VimpelCom has signed 21 relationship agreements and kicked off a series of global tenders, successfully setting the direction for future partnerships. In addition, seven incumbents have been moved to central price agreements, which enable substantial savings per year through best-in-class pricing, and further benefits will come from reduced foreign exchange exposure. As an example, in 2014, less than 10% of our purchasing was done globally. By the end of 2015, this number had grown to 35%. With the new operating model in place, we will be able to do 70% of our purchasing globally in 2017. The objective of the Supplier Days was to create new, durable and strategic relationships with trusted partners in line with our transformation program as we shift to a central operating model. "As a cornerstone of performance transformation, Supplier Days give us an opportunity to define and agree 'new rules of the game' with our main suppliers," said Dietmar Dresch, Group Director Indirect Procurement.

Strategic priority 4



PORTFOLIO AND ASSET OPTIMIZATION



Consolidate and rationalize telecommunications portfolio through in-market consolidation, monetization of tower portfolio, and disposal of non-core assets.



Today many of VimpelCom's markets are fragmented and are likely to undergo a wave of consolidation. Being number 1 or a strong number 2, makes a substantial difference; therefore, to reinforce its strategic position, VimpelCom intends to focus on selective in-country consolidation within its existing footprint by acquiring either mobile and/or fixed broadband assets. To complement this strategy, VimpelCom has disposed of certain non-core assets in Cambodia, Vietnam, Burundi, Canada, and the Central African Republic, and is in the process of closing the sale of its operation in Zimbabwe. VimpelCom carefully scrutinizes any investment in its legacy infrastructure that does not also support its data business, while aiming to ensure that it remains able to deliver a set of core traditional telephone services that fully meet customer expectations. VimpelCom has made, and intends to make in the future, selective moves to a more asset-light network model with strategic network sharing partnerships, and acceleration of monetization of its tower portfolio.

2015 Milestones

- Italian towers sale
- Joint venture with Hutchison in Italy
- Merger with Warid in Pakistan
- Russian network sharing (MTS, Megafon) strategic initiatives
- Zimbabwe sale agreement

Algeria transaction

In January 2015, VimpelCom closed the sale by GTH of a 51% interest in Omnium Telecom Algeria (OTA), which operates under the brand name Djezzy, to the Algerian Nati Investment Fund, FNI. The partnership with the FNI strengthened Djezzy's position and prospects, with greater opportunities for its operations in Algeria. The closing enabled the Company to start a full transformation program at Djezzy.

Italy tower sale

VimpelCom is making selective moves to a more asset-light network model, with strategic network sharing partnerships and targeting tower portfolio monetization across the global footprint. In 2015, VimpelCom completed a successful tower transaction in Italy: the sale of 90% of Galata for approximately USD 770 million.

Italy JV agreement

In August 2015, VimpelCom and CK Hutchison announced that they had agreed to form a joint venture of their telecoms businesses in Italy. The joint business of Wind Telecomunicazioni S.p.A. (WIND) and 3 Italia S.p.A. is expected to have over 31 million mobile customers and the strength and scale to drive competition in Europe's fourth largest telecoms market.

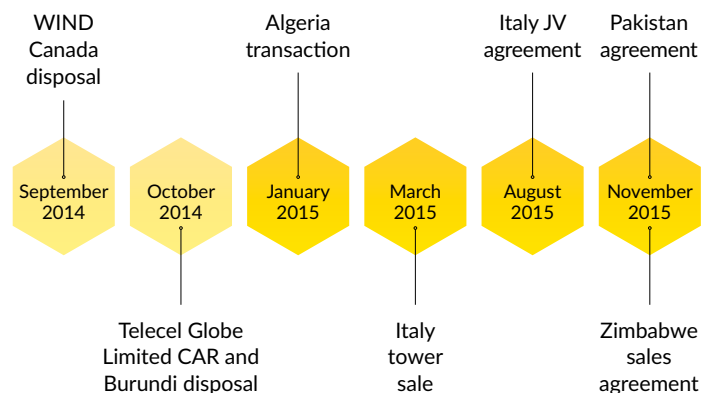
Zimbabwe disposal

VimpelCom has disposed of certain non-core assets and in November 2015 entered into an agreement with ZARNet (Private) Limited to sell its equity stake in Telecel Zimbabwe.

Pakistan transaction

In November 2015, VimpelCom entered into an agreement to combine its Pakistan telecom business with Warid Telecom. This combined business of Mobilink and Warid Telecom is expected to serve over 45 million mobile customers and will become the leading high-speed mobile network in Pakistan.

VimpelCom's journey in 2015: In-market optimization

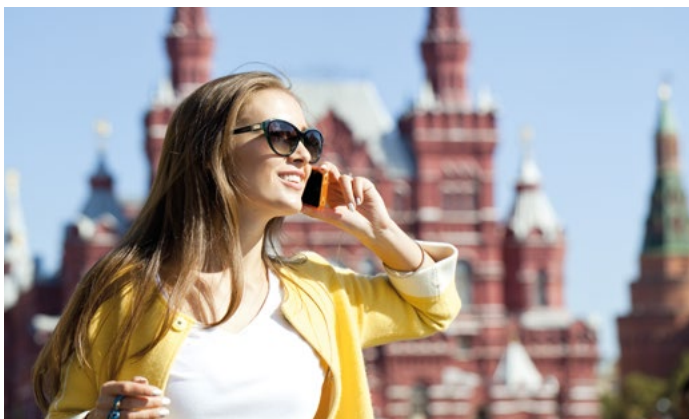




WORLD CLASS OPERATIONS



VimpelCom is committed to creating a superior customer experience, optimizing distribution and developing superior pricing capabilities, while continuously upgrading its networks.



There has been a systematic effort involving dedicated analytics and research to continuously optimize customer experience and drive superior pricing through integrated mobile bundles that combine traditional voice with SMS and, most importantly, data. VimpelCom believes that these measures will provide value to its customers while at the same time protecting VimpelCom's revenue stream from cannibalization among various services, such as SMS and instant messaging. In order to optimize its distribution, VimpelCom focuses on the most efficient channels in each market. VimpelCom expects these actions to reduce churn and significantly reduce its retention and commercial costs, while maintaining and strengthening its position as a market leader in NPS.

In order to deliver on the ambition to be a world class operator, VimpelCom has also put strong focus on building a solid and experienced management team. In 2015 the executive team was rebuilt and 75% of executives are new to the company – but not to the industry or the respective field of expertise. Alongside wider managerial changes in the group, a strong foundation has been laid to help VimpelCom execute the challenges ahead.

The focus of the team is to create a culture of ethical behavior, which is a key factor in shaping a positive company reputation towards all stakeholder groups. VimpelCom has a zero tolerance approach entailing no acceptance of breaches of procedures or the Code of Conduct.

2015 Milestones

- Implementing a global operating model
- Strengthened the management team
- Focus on NPS with leadership position in 7 countries

Customer Experience Centre of Excellence in Moscow

One of VimpelCom's most successful Customer Experience initiatives in recent years will receive renewed momentum following the recent launch of a new Center of Excellence in Moscow. Centers of Excellence are a vital part of VimpelCom's strategy to drive customer-centricity. They will drive the continued use of the NPS methodology, which was first introduced in 2013.

Moscow was selected for this Center of Excellence as Beeline Russia has shown tremendous improvements resulting from building a Net Promoter System and embedding Usability Testing in its product development cycle. These improvements started after Russia launched a transformation program in the fourth quarter of 2013, focusing on Customer Excellence and implementing a cultural shift to a customer-centric organization.

Examples of the initiatives introduced were the introduction of the mobile self-service application, the SMS spam filter, transparent and simplified pricing by introducing bundled tariff plans and attractive device offerings.

The initiatives were reflected in a 20-point jump in NPS, closing the gap against Beeline's main competitors.

These improvements led to significant improvements in the churn of customers, especially customers with a lifetime value of more than 12 months, as well as customer growth in 2015.

Several of the key members of the Russian Customer Experience team will join the newly created Center of Excellence in Moscow to help with the roll out of Customer Experience in other operating companies.



STRUCTURAL IMPROVEMENTS



VimpelCom believes that it needs to make further structural improvements, although the most important steps have already been taken over the past two years to address the capital structure. This will remain a focal point going forward.



In 2014-2015 VimpelCom (re)financed a total of USD 26 billion in debt, reducing the cost of debt to 6.3% (from 8.2% in 2014) and substantially extending its debt maturity schedule. Also in 2014, VimpelCom secured a revolving credit facility with its core relationship banks for USD 1.8 billion based on its own credit strength, substantially improving its liquidity profile.

In addition, in 2015, VimpelCom announced two major transactions that served to optimize its capital structure. Firstly, after the successful closing of the transaction in Algeria, a bond tender for USD 1.8 billion was successfully executed. Next to the tender, USD 500 million was repaid under the revolving credit facility and Rouble bonds were also bought back at a time when interest rates reached 20% and above.

Secondly, through the three successive refinancings of the WIND debt in 2014 and 2015, a more sustainable capital structure was created. The agreement to form a joint venture, combining the businesses of WIND and 3 Italia in Italy, will further reduce VimpelCom's Net debt to EBITDA ratio substantially.

Treasury saves hundreds of millions with debt refinancing

Over the last two years, VimpelCom's Group Treasury, in close cooperation with local teams, has successfully (re)financed USD 26 billion of debt, resulting in approximately USD 1 billion in annual savings that have gone straight to the bottom line.

"Our core role in Group Treasury is about ensuring the continuity of the Company – making sure there is always enough liquidity and funding for future growth – while at the same time, optimizing our overall capital structure," said Albert Hollema, Group Director Treasury.

"Our proactive approach has certainly benefited the Group and its businesses. Lowering interest expenses leads to increased cash flows and provides the opportunity to be more resilient against the macroeconomic shocks which we're currently experiencing in most of our markets. In this sense you could say we acted at the right moment, when credit markets were in general wide open and very receptive to VimpelCom's refinancings."

2015 Milestones

- Refinancing for USD 5 billion
- Reduction in interest costs of USD 200 million
- Algeria transaction completed

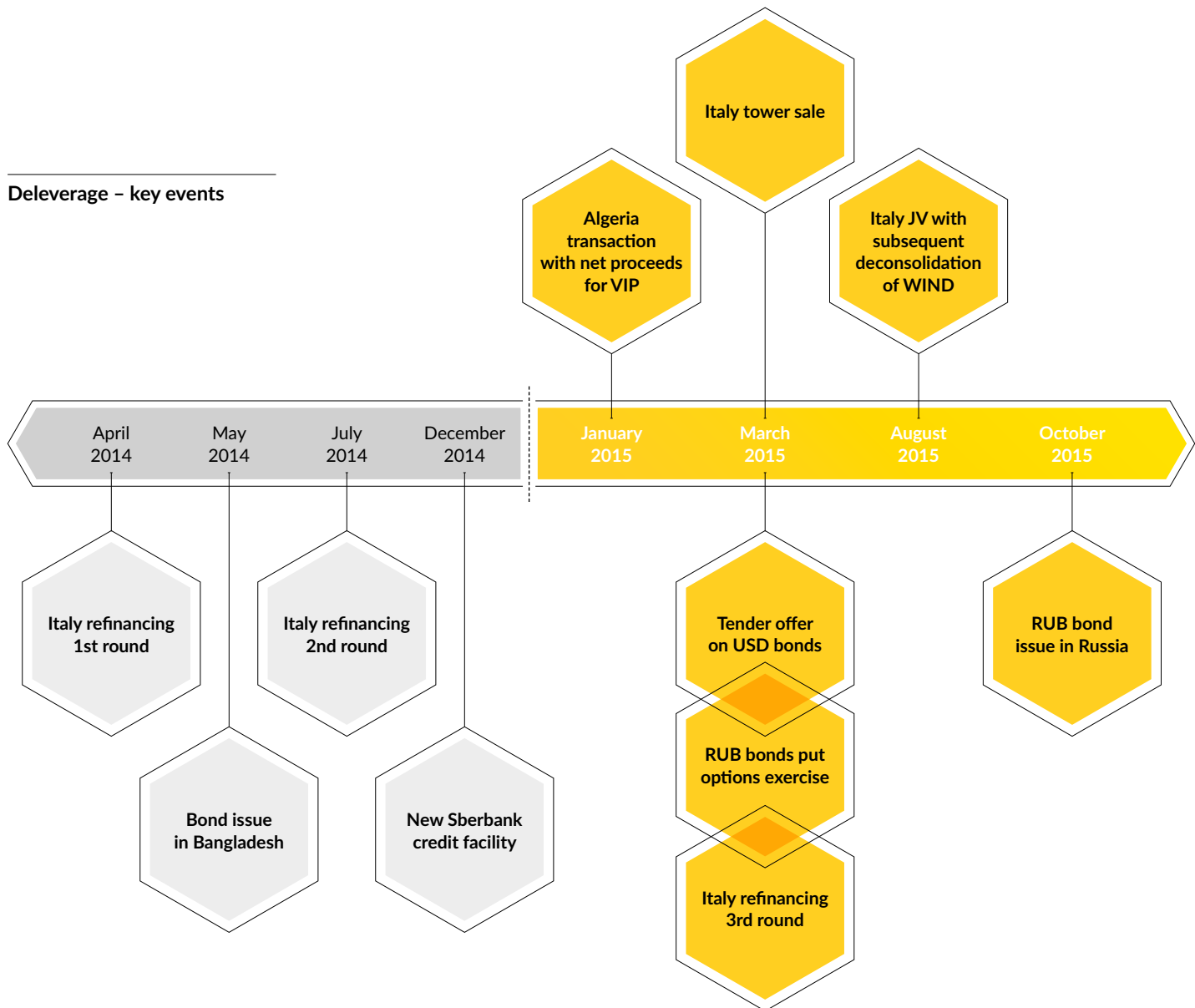


STRUCTURAL IMPROVEMENTS CONTINUED



Group delivering on structural improvements

Deleverage - key events



Capital structure optimization

SHARING VALUE

Context

VimpelCom's approach to corporate responsibility (CR) is shaped by a number of factors. These include:

- the highly variable socio-economic context of the markets where it operates;
- global issues and trends, such as the growing focus on privacy; and
- the views of its key stakeholders, such as customers, investors, governments and employees.

The commercial strategy, business activities and value chain each interact with these external factors and create both challenges and opportunities that need to be identified, prioritized and managed.

Strategy

VimpelCom has a long-term CR strategy, consisting of two main elements. Building trust with its stakeholders, by behaving in a responsible way, is the key to maintaining its 'license to operate'. At the same time, it recognizes the opportunities from leveraging its technology, its commercial expertise and the commitment of its employees, adding tangible value to society through products and services, and social investment. Through its own actions, and by enabling others, it can deliver positive contributions to society's challenges on a real scale, helping to tackle many of the issues covered by the UN's new Sustainable Development Goals.

This is particularly true in emerging markets where the spread of connectivity, mobile internet and mobile-enabled services, education, health and agriculture are helping to drive socioeconomic progress and is the platform for the 4th industrial revolution of the digital economy.

How VimpelCom manages corporate responsibility

Many of the CR issues are local in nature and VimpelCom seeks the right balance between local management and central coordination, performance monitoring and policy-setting. The HQ CR team helps to coordinate activities and manages its external reporting. The Company publishes a detailed annual Corporate Responsibility Report, which meets recognized international reporting guidance, and this is available on the website.

To determine which topics to focus on, the Company assesses the materiality of the issues identified through internal and external engagement, by reference to both relevance to its business strategy and the importance of those issues to stakeholders.

VimpelCom has a Code of Conduct for employees and this is supported by a set of Business Principles, which provide a concise summary of the main aims of its CR approach.

Implementation

VimpelCom's long-term strategy is implemented through many shorter-term initiatives which support its commercial objectives and recognize the needs of society. The Company has been making progress in management of the key issues that impact its stakeholders.

For example, the focus on developing a high quality network, driven by developing deeper insights into customer satisfaction, has been supported by a strengthening of its governance of customer data. As the Company transforms its cost base by challenging its suppliers to innovate, it has also been rolling out a new assessment process to ensure they live up to the Company's expectations on human rights and environmental issues. And as VimpelCom operates at the frontiers of the new digital world, it continues to build a culture of integrity and to strengthen its compliance program and internal controls to ensure the robust approach to anti-bribery and anti-corruption.

Make Your Mark

Make Your Mark, our Group-wide CR flagship program, was launched in late 2014 on the theme of



'helping young people to shape their future'. A range of innovative programs is being implemented across our footprint, helping to bring more young people into meaningful education, and inspiring new digital entrepreneurs. These programs include the continuing expansion of our mLiteracy program for rural people in Pakistan, the running of several digital solution competitions in various markets across Eurasia, as well as in Italy, Algeria and Pakistan, and the support of digital start-up accelerator programs in Italy and Pakistan.



Further detailed performance information on these and other issues and initiatives is provided on the CR pages of the website, which include the annual Group CR Reports. These documents also act as Communication on Progress in relation to our commitment to the Principles of the United Nations Global Compact.

RUSSIA



MIKHAIL SLOBODIN
CEO Russia



Overview

Beeline, VimpelCom's Russian operation, is one of the country's most recognized brands and is a top-three mobile operator in the country, serving individuals as well as small, medium and large companies.

Beeline provides integrated mobile and fixed-line telephony, data transmission, internet-based wired and wireless solutions, as well as innovative services such as mobile commerce. The Company has 60 million mobile customers and 2.2 million fixed-line broadband customers in Russia.

2015 Highlights

- In March 2015, holders of ruble denominated OJSC VimpelCom bonds exercised their put option for a total amount of RUB 35 billion (~USD 0.6 billion).
- In July 2015, Beeline was named among the 100 most valuable global telecoms brands of the year, according to the "Brand Finance Telecoms 500 2015" report produced by Brand Finance. The Beeline brand was valued at USD 2.6 billion.
- In December 2015, VimpelCom Russia (the Beeline Brand) and Mobile TeleSystems (MTS) announced a large-scale project to share 4G/LTE radio frequencies in Russia. In the new enhanced agreement, VimpelCom Russia and MTS will look to share 2,600 MHz LTE frequencies in 20 of the 36 regions of Russia that were covered by the original agreement signed in 2014. In the long term, the agreement will allow for a doubling of the peak speeds currently available to VimpelCom and MTS customers, up to 150 Mbps.

In 2015, Beeline's revenue growth and profitability were negatively impacted by the macro-economic slowdown and a weakened ruble. Despite the challenging market conditions, Beeline continued to execute its strategy, focusing on driving customer excellence and creating a more customer-centric organization. It also worked toward improving the quality of its offerings and expanding its distribution channels. As a result, the Company stabilized its financial results as it reported several consecutive quarters of operational improvements in the course of 2015. It became the number two ranked NPS operator among the big three operators, demonstrating improvements in churn and a growing customer base, and further strengthening its market position.

Russia key financial and operational data

RUB million	2015	2014	YoY
Total revenue	278,427	281,898	(1%)
EBITDA underlying ¹	108,281	111,935	(3%)
EBITDA margin underlying ¹ (%)	39%	40%	(1p.p.)
Capex	52,069	59,675	(13%)
Capex / revenue (%)	19%	21%	(2p.p.)
Operating cash flow (EBITDA-Capex)	56,212	52,260	8%
OCF margin (%)	20%	19%	2p.p.
Mobile customers (million)	59.8	57.2	4%
Fixed-line broadband customers (million)	2.2	2.3	(3%)

¹ - underlying excludes exceptional items: 2015 - (RUB 1.9 billion), mainly due to transformation costs of RUB 0.3 billion, offset by site rent capitalization of RUB 2.2 billion 2014 - no material exceptional items

EMERGING MARKETS



JON EDDY
Head of Emerging Markets



Overview

VimpelCom's Emerging Markets business unit includes #1 leadership positions with Djezzy in Algeria and Mobilink in Pakistan and the #2 position with Banglalink in Bangladesh. The current low data penetration rates, young populations and extensive mobile coverage support continued growth in the region. The further expansion of 3G networks and new 4G spectrum opportunities will provide the capacity required to meet growing digital needs. The success of mobile financial services in Pakistan is opening up a new source of revenue by accelerating financial inclusion, while the expansion of monobrand shops and the introduction of branded smartphones will accelerate data adoption. The explosive social network usage shows the online potential for self-serve, e-commerce and new content partnerships.

VimpelCom's structured transformation cost programs, active and passive network sharing initiatives and other operating models leveraging the Group's size have led to further capital and operational efficiencies.

2015 Highlights

- In November, VimpelCom reached an agreement with Warid Telecom to combine their telecom businesses in Pakistan. The combined business will serve over 45 million mobile customers and will become the leading high-speed mobile network in Pakistan. Integration planning for the combination has begun, and the pre-close approval process is on track.
- Banglalink continues to successfully execute its strategy, resulting in a strong financial performance in the face of intensifying competition. The strategy is driven by attractive and simple offers that enhance price perception and customer re-activation promotions that stimulate data usage.
- In Algeria, a transformation program was launched in 1Q15 and is expected to take 12 to 18 months to complete. Djezzy has also been working hard to accelerate 3G network deployment in Algeria in order to close the gap with the competition. In November, it received approval to roll 3G out to all Algerian regions by the end of 2016 versus end of 2017 in the initial 3G license.
- In January 2016, VimpelCom appointed Jon Eddy as its Head of Emerging Markets. Jon has a wealth of experience in leadership positions in the telecommunications industry in emerging markets, especially in Asia. His appointment follows the recent appointment of Erik Aas as the new CEO of Banglalink.

VimpelCom's Emerging Markets business unit reported an organic decrease in total revenue, due to negative performance in Algeria as a result of the delayed launch of 3G. This decrease in service revenue was partly offset by revenue growth in Pakistan as a result of mobile data and MFS revenue increase, and revenue growth in Bangladesh driven by customer growth and increased mobile data revenue. By delivering on the ongoing efficiency programs in Bangladesh and Pakistan and the focus on EBITDA margin in Algeria, VimpelCom has delivered improvement in EBITDA margin and a notable improvement in operating cash flow and OCF margin compared to 2014.

Emerging Markets key financial and operational data

USD million	2015	2014	YoY	YoY organic ²
Total revenue	2,910	3,294	(12%)	(2%)
EBITDA underlying ¹	1,377	1,525	(10%)	2%
EBITDA margin underlying ¹ (%)	47%	46%	1p.p.	
Capex	564	918	(39%)	
Capex / revenue (%)	19%	28%	(9p.p.)	
Operating cash flow (EBITDA-Capex)	813	607	34%	
OCF margin (%)	28%	18%	10p.p.	
Mobile customers (million)	85.5	86.9	(2%)	

1 - underlying excludes exceptional items: 2015 - USD 36 million, of which transformation costs of USD 25 million and SIM tax provision in Bangladesh of USD 12 million 2014 - USD 53 million, of which settlement of USD 50 million due to Algeria transaction closing

2 - organic change reflects changes in Revenue and EBITDA excluding foreign currency movements

EURASIA



MIKHAIL GERCHUK
CEO Eurasia



Overview

The Eurasian business unit consists of Ukraine, Kazakhstan, Uzbekistan, Kyrgyzstan, Armenia, Tajikistan and Georgia. VimpelCom provides mobile services to 51 million customers in the Eurasian countries and is the market leader in Ukraine, Uzbekistan and Kyrgyzstan. It is the second largest operator in Kazakhstan and Armenia. In Ukraine, Kazakhstan and Armenia, the Company provides integrated mobile and fixed-line telephony, as it also owns a fixed-line broadband network in these countries, with in total 1.2 million fixed-line broadband customers, enabling the Company to launch FMC products. Mobile data penetration is relatively low in the Eurasian business unit and mobile data traffic has strong growth potential, especially after the launch of 3G in Ukraine in 2015, the last market to offer 3G in the business unit. VimpelCom aims to achieve robust cash flows in Eurasia, promoting efficient Capex and Opex management.

2015 Highlights

- In November 2015, VimpelCom appointed Mikhail Gerchuk as Head of Eurasia. Mr. Gerchuk brings significant strategic experience as well as in-depth knowledge of the region, which will be instrumental in executing a strategic transformation of the Eurasian business unit.
- In 2015, VimpelCom launched 3G in Ukraine, where it operates under the leading brand Kyivstar. The Company is ahead of the competition in the roll out of the 3G network, and it strengthened its position as the market NPS leader.
- In February 2015, Beeline launched 4G/LTE in Georgia, driving mobile data revenue growth and an increase in mobile data ARPU. The Company now covers 50% of the population with 4G/LTE.
- Strong growth of mobile data revenue in Eurasia, driven by the 3G launch in Ukraine.

The challenging macroeconomic environment, combined with weakening currencies and growing competition, negatively impacted revenue, although this was partially offset by growing mobile data revenue. EBITDA organically decreased mainly as a result of declining EBITDA in Kazakhstan, due to intense competition and increase in service costs. Mobile customer numbers grew in Armenia and Georgia due to the attractive value proposition in these countries. These countries' results helped to mitigate mobile customer declines in other business units' markets resulting from the competitive environment, disconnections in parts of East Ukraine and an increase in migration from Kyrgyzstan to Russia.

Eurasia key financial and operational data

USD million	2015	2014	YoY	YoY organic ²
Total revenue	2,206	2,934	(25%)	3%
EBITDA underlying ¹	1,089	1,442	(24%)	3%
EBITDA margin underlying ¹ (%)	49%	49%	(1p.p.)	
Capex	361	402	(10%)	
Capex / revenue (%)	16%	14%	2p.p.	
Operating cash flow (EBITDA-Capex)	728	1,040	(30%)	
OCF margin (%)	33%	35%	(2p.p.)	
Mobile customers (million)	50.9	52.7	(3%)	
Fixed-line broadband customers (million)	1.2	1.2	0%	

1 - underlying excludes exceptional items:
2015 - USD 22 million, of which transformation costs of USD 1 million, 16 million in Uzbekistan and onerous adjustments in Kazakhstan of USD 5 million
2014 - USD 35 million, of which onerous adjustments in Kazakhstan of USD 24 million, Georgia of USD 6 million and in Ukraine of USD 5 million

2 - organic change reflects changes in Revenue and EBITDA excluding foreign currency movements

ITALY



MAXIMO IBARRA
CEO Italy



Overview

Italy is Europe's fourth largest telecommunications service market in terms of annual revenue. VimpelCom operates under the WIND brand for its mobile services and the Infostrada brand for its fixed-line services. With 21.1 million mobile customers WIND is the third largest operator in Italy, and with its 2.8 million fixed-line voice customers and 2.3 million fixed-line internet customers it is the leading alternative fixed-line operator after the incumbent.

WIND offers a wide range of products and services, which includes bundled mobile and fixed-line telecommunications products and services, to private customers as well as to large corporate customers, SMEs and professionals (the SOHO market), with specific offers to suit each market segment. All services offered by WIND are provided through its nationwide integrated network.

2015 Highlights

- In August 2015, VimpelCom and CK Hutchison Holdings Ltd., which indirectly owns 100% of 3 Italia, entered into an agreement to form a 50/50 joint venture that will own and operate their telecommunications businesses in Italy. The joint venture, which is subject to regulatory and antitrust approvals by the relevant European and Italian bodies, will give rise to a leading fully integrated convergent telecommunications operator in Italy.
- In March 2015, WIND completed the sale of 90% of the shares of its fully owned subsidiary Galata S.p.A. ("Galata") to Cellnex Telecom ("Cellnex"), formerly named Abertis Telecom Terrestre SAU, receiving total cash consideration of EUR 693 million, testimony to the progress VimpelCom made on moving to a more asset-light strategy. WIND has entered into a Tower Services Agreement for an initial term of 15 years with Galata for the provision of a broad range of services on the contributed sites and sites that will be subsequently built by Galata hosting WIND equipment.
- WIND completed the comprehensive refinancing plan started two years ago by repaying EUR 1.1 billion of its Senior Facility Agreement (SFA) out of EUR 1.8 billion and amending and restating the remainder with a new covenant-light loan, further optimizing its capital structure. The EUR 1.1 billion SFA repayment was performed utilizing part of the proceeds from the Galata transaction and new Senior Secured Notes, issued by Wind Acquisition Finance. With the last transaction, WIND has reduced its annual interest cost by approximately EUR 340 million and further optimized its maturity profile.

WIND continued to deliver solid performance against the competition in a market which experienced a declining overall number of customers. EBITDA decreased mainly as a result of lower other revenue, the impact of the Galata transaction and a decrease in service revenue. In 2015, WIND continued to invest in rolling out its 4G/LTE network, reaching 56% of population coverage at the end of the year. WIND is working to grow its interaction with customers through digital channels and to bolster competitiveness in the country.

Italy key financial and operational data (Italy is classified as held for sale in VimpelCom Financial Statements, following JV announcement)

EUR million	2015	2014	YoY
Total revenue	4,428	4,633	(4%)
EBITDA	1,671	1,804	(7%)
EBITDA margin	38%	39%	(1p.p.)
Capex	779	757	3%
Capex / revenue	18%	16%	(1p.p.)
Operating cash flow (EBITDA-Capex)	892	1,047	(15%)
OCF margin (%)	20%	23%	(3p.p.)
Mobile customers	21.1	21.6	(2%)
Fixed-line broadband customers	2.3	2.2	3%

LEADERSHIP AND INTEGRITY

VimpelCom is committed to delivering high standards of corporate governance. VimpelCom is a public company listed on the NASDAQ Global Select Market, complying with the applicable listing and disclosure requirements as a foreign private issuer. The Company is committed to transparency regarding material developments in the Company or material matters affecting its securities, in line with best practice. Additionally, VimpelCom also complies with the applicable SEC reporting requirements. These include the filing of the Form 20-F annual report each year with audited consolidated financial statements.

VimpelCom's corporate governance "authority matrix" (contained in the Company by-laws) requires that the Supervisory Board approves certain significant matters, including, among others, the Group's annual budget and audited accounts, organizational or reporting changes to management structure and significant transactions, as well as changes to share capital and other significant actions.

Shareholder approval policies and procedures are also in line with applicable requirements. All Supervisory Board members are elected by our shareholders through cumulative voting. Each voting share confers on its holder a number of votes equal to the number of directors to be elected. The holder may cast those votes for candidates in any proportion, including casting all votes for one candidate.

In February 2016, VimpelCom announced agreements with the U.S. Securities and Exchange Commission ("SEC"), the U.S. Department of

Justice ("DOJ"), and the Dutch Public Prosecution Service (Openbaar Ministerie) ("OM") relating to the investigations under the U.S. Foreign Corrupt Practices Act and relevant Dutch laws, pertaining to VimpelCom's business in Uzbekistan and prior dealings with Takilant Ltd. As part of the agreements, VimpelCom will pay fines and disgorgements to the SEC, DOJ and OM in an aggregate amount of USD 795 million. VimpelCom has agreed to a deferred prosecution agreement with the DOJ, a consent with the SEC, and a settlement agreement with OM. In addition, VimpelCom's subsidiary in Uzbekistan, Unitel LLC, has entered a guilty plea with the DOJ. VimpelCom has also agreed to oversight by an independent compliance monitor to promote continued and regular compliance enhancements across VimpelCom and its subsidiaries. VimpelCom's cooperation with the investigation and actions to rapidly resolve this matter, together with substantial upgrades to its compliance program, have been recognized by the authorities in the agreements.

Creating a culture of ethical behavior is fundamental to VimpelCom's future success and building a strong ethical culture is a key factor in shaping a positive company reputation towards all stakeholder groups, such as customers, shareholders, employees and governments. The group has a zero tolerance approach entailing no acceptance of breaches of procedures or the Code of Conduct. In order to achieve a world class compliance program, the group has also significantly strengthened its audit, forensic and compliance functions in the last few years.

Committees of the Supervisory Board



AN ALIGNED **AMBITION**



ALEXEY M. REZNIKOVICH



MIKHAIL M. FRIDMAN



ANDREI GUSEV



SIR JULIAN HORN-SMITH



NILS KATLA



GENNADY GAZIN



TROND Ø WESTLIE



GUNNAR HOLT



Biographies

Please go online to read about the skills and experience of our team.
www.VimpelCom.com

Group Executive Committee

EXECUTING OUR VISION



Left to right

Rozzyn Boy
Chief Communications
and Brand Officer

Maximo Ibarra
Chief Executive
Officer Italy

Mikhail Gerchuk
Chief Executive
Officer Eurasia

Alexander Matuschka
Chief Performance
Officer

Jeremy Roffe-Vidal
Chief Human
Resources Officer

Christopher Schlaeffler
Chief Digital Officer

Yogesh Malik
Chief Technology
Officer



Biographies

Please go online to read about the skills and experience of our team.
www.VimpelCom.com



Andrew Davies
Chief Financial
Officer

Anton Kudryashov
Chief Strategy
and Portfolio Officer

Jean-Yves Charlier
Chief Executive Officer

Scott Dresser
Group General
Counsel

Jon Eddy
Chief Executive
Officer Emerging
Markets

Mikhail Slobodin
Chief Executive
Officer Russia

Selected financial data

The following selected consolidated financial data for the five years ended December 31, 2015 is derived from historical consolidated financial statements which have been audited by PricewaterhouseCoopers Accountants N.V., an independent registered public accounting firm, for the years ended December 31, 2015 and 2014, and Ernst & Young Accountants LLP, an independent registered public accounting firm, for the years ended December 31, 2013, 2012 and 2011. The data should be read in conjunction with our audited consolidated financial statements and related notes included in the Form 20-F, and the section of the Form 20-F entitled "Item 5—Operating and Financial Review and Prospects." The data for 2011, 2012, 2013 and 2014 has been restated to reflect the classification of WIND Italy as a discontinued operation, and the restated data for 2011 and 2012 is unaudited. For more information, please see "Item 4—Information on the Company—Description of Our Business—Italy Joint Venture" to the audited consolidated financial statements included in the Form 20-F.

Consolidated income statement data:

(In USD millions, except per share amounts)	Years ended December 31,				
	2015	2014	2013	2012 Unaudited	2011 Unaudited
Service revenue	9,332	13,231	15,472	15,607	14,304
Sale of equipment and accessories	190	218	391	422	360
Other revenue	103	68	103	49	12
Total operating revenue	9,625	13,517	15,966	16,078	14,676
Operating expenses					
Service costs	1,956	2,962	3,595	3,626	3,483
Cost of equipment and accessories	231	252	438	400	466
Selling, general and administrative expenses	4,563	4,743	6,256	4,962	4,663
Depreciation	1,550	1,996	2,245	2,188	2,129
Amortization	517	647	808	1,062	1,193
Impairment loss	245	976	2,963	391	483
Loss on disposals of non-current assets	39	68	93	199	92
Total operating expenses	9,101	11,644	16,398	12,828	12,509
Operating profit	524	1,873	(432)	3,250	2,167
Finance costs	829	1,077	1,213	1,058	822
Finance income	(52)	(52)	(90)	(151)	(122)
Other non-operating losses/(gains)	42	(121)	(84)	(34)	30
Shares of loss/(profit) of associates and joint ventures accounted for using the equity method	(14)	38	159	9	35
Net foreign exchange (gain)/ loss	314	556	12	(52)	102
(Loss)/profit before tax	(595)	375	(1,642)	2,420	1,300
Income tax expense	220	598	1,813	730	276
(Loss)/profit for the year from continuing operations	(815)	(223)	(3,455)	1,690	1,024
Profit after tax for the period from discontinued operations	262	(680)	(633)	(314)	(755)
(Loss)/profit for the year	(553)	(903)	(4,088)	1,376	269
Attributable to:					
The owners of the parent (continuing operations)	(917)	33	(1,992)	1,853	1,298
The owners of the parent (discontinued operations)	262	(680)	(633)	(314)	(755)
Non-controlling interest	102	(256)	(1,463)	(163)	(274)
	(553)	(903)	(4,088)	1,376	269
Earnings/(loss) per share from continuing operations					
Basic, (loss)/profit for the year attributable to ordinary equity holders of the parent	USD (0.52)	USD 0.02	USD (1.16)	USD 1.14	USD 0.85
Diluted, (loss)/profit for the year attributable to ordinary equity holders of the parent	USD (0.52)	USD 0.02	USD (1.16)	USD 1.14	USD 0.85
Basic, (loss)/profit for the year attributable to ordinary equity holders of the parent	USD 0.15	USD (0.39)	USD (0.37)	USD (0.19)	USD (0.50)
Diluted, (loss)/profit for the year attributable to ordinary equity holders of the parent	USD 0.15	USD (0.39)	USD (0.37)	USD (0.19)	USD (0.50)
Weighted average number of common shares (millions)	1,749	1,748	1,711	1,618	1,524
Dividends declared per share	USD 0.035	USD 0.035	USD 1.24	USD 0.80	USD 0.80

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

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

2. Figures for the year ended December 31, 2013 have been adjusted to reflect the adoption of IAS 32 Offsetting Financial Assets and Financial Liabilities.

Reconciliation of EBITDA to profit for the year

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

Selected operating data

The following selected operating data as of and for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 has been derived from internal company sources. The selected operating data set forth below should be read in conjunction with our audited consolidated financial statements and their related notes included in the Form 20-F, and the section of the Form 20-F entitled "Item 5—Operating and Financial Review and Prospects."

	As of December 31,				
	2015	2014	2013	2012	2011
Selected company operating data¹:					
End of period mobile customers (in millions):					
Russia	59.8	57.2	56.5	56.1	57.2
Algeria ⁴	17.0	17.7	17.6	16.7	16.2
Pakistan	36.2	38.5	37.6	36.1	34.2
Bangladesh	32.3	30.8	28.8	25.9	23.8
Ukraine ⁴	25.4	26.2	25.8	25.1	23.2
Kazakhstan	9.5	9.8	9.2	8.6	8.4
Uzbekistan	9.9	10.6	10.5	10.2	6.4
Other countries ⁶	6.2	6.3	6.1	5.7	5.4
Italy	21.1	21.6	22.3	21.6	21.0
Total mobile customers⁵	217.4	218.7	214.4	206.0	197.4
Mobile MOU ²					
Russia	311	304	291	276	243
Algeria ⁴	209	210	216	274	289
Pakistan	336	238	226	214	206
Bangladesh	209	197	184	216	209
Ukraine ⁴	543	508	501	513	483
Kazakhstan	285	309	290	213	148
Uzbekistan	528	523	471	474	425
Other countries					
Kyrgyzstan	281	293	265	272	303
Armenia	353	374	339	269	257
Tajikistan	291	286	270	241	229
Georgia	235	228	244	237	207
Laos	100	103	106	97	233
Italy	269	264	237	207	197
Mobile ARPU ² (USD)					
Russia	5.2	8.6	10.6	10.8	11.0
Algeria ⁴	6.0	7.9	8.4	9.0	9.8
Pakistan	2.1	2.1	2.3	2.6	2.7
Bangladesh	1.6	1.5	1.5	1.8	1.8
Ukraine ⁴	1.8	3.1	4.7	5.2	5.2
Kazakhstan	4.4	5.8	7.1	7.6	8.3
Uzbekistan	5.7	5.6	5.3	4.6	4.1
Other countries					
Kyrgyzstan	4.9	5.5	6.6	5.5	5.5
Armenia	4.9	6.6	7.1	6.8	8.1
Tajikistan	8.1	9.2	10.0	8.6	8.8
Georgia	3.0	4.9	6.3	6.7	6.8
Laos	5.4	5.3	6.0	5.6	5.1
Italy	12.5	14.6	16.3	18.5	21.7

	As of December 31,				
	2015	2014	2013	2012	2011
Annual churn (as a percentage) ²					
Russia	53.8	60.1	63.9	63.2	62.8
Algeria ⁴	38.5	28.0	31.6	29.5	23.4
Pakistan	33.3	26.0	23.0	25.2	29.5
Bangladesh	22.7	21.6	22.3	25.2	18.5
Ukraine ⁴	23.5	24.9	35.3	29.8	28.9
Kazakhstan	54.6	50.5	48.6	55.8	47.4
Uzbekistan	45.9	48.1	53.5	55.1	59.7
Other countries					
Kyrgyzstan	67.6	65.7	65.6	66.1	52.3
Armenia	39.2	43.9	62.6	83.9	87.6
Tajikistan	76.8	77.1	77.9	72.7	67.4
Georgia	68.8	69.7	74.0	79.1	70.1
Laos	119.0	94.6	102.6	141.0	258.0
Italy	29.2	31.4	36.6	35.2	28.3
End of period broadband customers, mobile and fixed (in millions):					
Russia	6.2	5.9	5.4	5.0	4.6
Algeria	—	—	—	—	—
Pakistan	—	—	—	—	—
Bangladesh	—	—	—	—	—
Ukraine	0.8	0.8	0.8	0.6	0.4
Kazakhstan ³	5.2	5.6	5.4	4.8	4.4
Uzbekistan ³	4.7	5.5	5.5	4.8	2.8
Other countries ³	3.0	3.0	2.8	2.7	2.3
Italy	13.9	12.3	10.5	7.8	6.6
Total broadband customers	33.8	33.1	30.4	25.7	21.1

1. For information on how mobile customer data, mobile MOU, mobile ARPU, mobile churn rates and broadband customer data is calculated, please refer to the section of the Form 20-F entitled "Item 5-Operating and Financial Review and Prospects-Certain Performance Indicators."

2. For Wind Telecom S.p.A. group companies acquired on April 15, 2011, mobile MOU, ARPU and churn are calculated based on the full year.

3. Mobile broadband customers in Kazakhstan and Uzbekistan (as well as in Kyrgyzstan, Armenia, Tajikistan and Georgia) are those who have performed at least one mobile Internet event in the three-month period prior to the measurement date, as well as fixed Internet access using FTTB, xDSL and WiFi technologies.

4. The customer numbers for 2012 and 2011 have been adjusted to reflect revised customer numbers in Algeria and Ukraine where the definition of customers has been aligned to the Group definition. MOU, mobile ARPU and churn have been adjusted accordingly.

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

6. Customer numbers for Kyrgyzstan, Armenia, Tajikistan, Georgia and Laos.

Shareowner information

VimpelCom Ltd. ownership structure

Shareholder	Total Economic Common DRs and shares	% Economic rights	Preferred shares	Total voting DRs and shares	% of voting rights
Free Float	189,579,732	10.8%	–	189,579,732	9.1%
Telenor ¹	580,578,840	33.0%	305,000,000	885,578,840	43.0%
LetterOne ²	986,572,563	56.2%	–	986,572,563	47.9%
Total	1,756,731,135	100%	305,000,000	2,061,731,135	100%

*Certain amounts and percentages that appear in this table have been subject to rounding adjustments. As a result, certain numerical figures shown as totals may not be exact arithmetic aggregations of the figures that precede or follow them.

- As reported in Schedule 13D, Amendment No. 29, filed on October 5, 2015, by Telenor East Holdings II AS with the SEC, Telenor East Holdings II AS is the direct beneficial owner of 580,578,840 common shares and 305,000,000 preferred shares.
- As reported in Schedule 13D, Amendment No. 18, filed on November 12, 2015, by L1T VIP Holdings S.à r.l. with the SEC, L1T VIP Holdings S.à r.l. is the direct beneficial owner of 986,572,563 common shares. LetterOne Investment Holdings S.A. ("LetterOne") directly holds 100% of the membership interests in L1T VIP Holdings S.à r.l. and, in such capacity, may be deemed to be the beneficial owner of the common shares held for the account of L1T VIP Holdings S.à r.l. LetterOne is a Luxembourg company, with its principal business to function as a holding company.

VimpelCom statement on Telenor divestiture announcement, October 5, 2015

VimpelCom is aware of Telenor's intention to sell its shares in VimpelCom over the course of time and we welcome their clarification that they do not intend to convert their preferred shares. Telenor has been a long-standing and highly supportive shareholder for many years, helping to build our business. As VimpelCom moves forward with its recently announced new business strategy, we will work with Telenor to help ensure a successful divestiture of their stake.

Dividend

The Supervisory Board approved a dividend of US 3.5 cents per American Depositary Share ("ADS"). The dividend is administered through VimpelCom's ADS depository, The Bank of New York Mellon.

Share information

Series	VimpelCom ADS (NASD)
Currency	USD
Market	NASDAQ
ISIN	US92719A1060
Symbol	VIP
Closing price as at December 31, 2015	USD 3.28
Market cap as at December 31, 2015	USD 5,762 million

Share price chart



Contact information

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This Annual Report contains “forward-looking statements”, as this phrase is defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Forward-looking statements are not historical facts, and include statements relating to, among other things, the Company’s anticipated performance and stated performance targets for future years, including with respect to EBITDA, Capex and cash flow; the implementation of, and the expected results and benefits from, the Company’s strategic priorities, including with respect to new revenue streams, digital leadership, performance transformation, portfolio and asset optimization, operations and structural improvements; future market developments and trends; anticipated cost savings; global purchasing expectations; future changes to dividend policies; expected benefits from managerial and compliance changes; improvements in customer experience and satisfaction; anticipated benefits from transactions, including the Algeria transaction, Italy tower sale, Italy joint venture agreement, Zimbabwe disposal and Pakistan transaction; anticipated results of the Company’s financing activities; future operational and network development and network investment; and expectations regarding the divestiture of Telenor’s stake in the Company. The forward-looking statements included in this Annual Report are based on management’s best assessment of the Company’s strategic and financial position and of future market conditions, trends and other potential developments. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of: continued volatility in the economies in our markets; unforeseen developments from competition; governmental regulation of the telecommunications industries; general political uncertainties in our markets; and government investigations or other regulatory actions and/or litigation with third parties. Certain other factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in the Company’s Annual Report on Form 20-F for the year ended December 31, 2015 filed with the SEC and other public filings made by the Company with the SEC. The forward-looking statements speak only as of the date hereof, and the Company disclaims any obligation to update them or to announce publicly any revision to any of the forward-looking statements contained in this Annual Report, or to make corrections to reflect future events or developments.



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