BUSINESS COURT
KHANTY-MANSI AUTONOMOUS DISTRICT – YUGRA
54/1 Lenina Street, Khanty-Mansyisk 628012, tel. (34671) 3-10-34, http://hmao.arbitr.ru

IN THE NAME OF THE RUSSIAN FEDERATION

RULING

Khanty-Mansyisk Case No. A75-2374/2008
August 16, 2008
The ruling's operative section announced on August 16, 2008
The ruling's complete text prepared on August 16, 2008

The Business Court of the Khanty-Mansi Autonomous District – Yugra, comprising:

Presiding Judge Ye..A. Karankevich,

Arbitration Assessors: Ye.M. Alibayev and Ya.N. Lazukova,

trial record kept by assistant judge A.N. Aleshina,

having reviewed, in an open trial, a lawsuit filed by FARIMEX PRODUCTS INC.

vs. ECO TELECOM LIMITED, Altimo Holdings & Investments Ltd., AVENUE LIMITED, JANOW PROPERTIES LIMITED, SANTEL LIMITED, Telenor East Invest AS, and OAO CT-Mobile,

third parties: OAO Vimpel-Communications, Mikhail Fridman, Alexei Reznikovich, Arve Johansen, Fridtjof Rusten, and Henrik Torgersen,

to recover US$ 3,797,818,500, with the participation [of the following persons]:

for the Plaintiff: D.S. Cherny, ID card No. 814, power of attorney dated March 31, 2008; A.Ye. Muranov, ID card No. 3128 dated March 13, 2008, under a power of attorney dated March 31, 2008,

for the Respondents:

ECO TELECOM LIMITED – M.A. Yeremenko, power of attorney dated April 29, 2008, holder of passport 4607 No. 656140; and D.I. Stepanov, ID card No. 4575 dated March 27, 2003, under a power of attorney dated April 29, 2008;

Altimo Holdings & Investments Ltd. – V.V. Yegorov, holder of passport 4506 No. 326008, power of attorney dated March 25, 2008,;

AVENUE LIMITED, JANOW PROPERTIES LIMITED, and SANTEL LIMITED – S.V. Minakova, holder of passport 4602 No. 437991, power of attorney dated May 6, 2008;

Telenor East Invest AS – I.V. Zaichenko, ID card No. 8900, power of attorney dated July 4, 2008; M.M. Yemelyanov, holder of passport 4606 No. 589401, power of attorney dated July 4, 2008; and G.P. Chernyshov, ID card No. 3656, power of attorney dated July 4, 2008;

OAO CT-Mobile – D.V. Durashkin, ID card No. 3921, power of attorney dated February 8, 2008.

for the third parties:

OAO Vimpel-Communications: failed to attend; for Mikhail Fridman – N.A. Batalova acting under a power of attorney dated April 29, 2008, ID card No. 263 dated January 31, 2003; for Alexei Reznikovich - N.A. Batalova under a power of attorney dated May 14, 2008, ID card No. 263 dated January 31, 2003; for Arve Johansen – A.A. Lyapin, holder of passport 0503 No. 327220, power of attorney dated May 7, 2008; for Fridtjof Rusten – K.K. Kasian, holder of

passport 4503 No. 846597, power of attorney dated May 7, 2008; for Henrik Torgersen – failed to attend.

has found out as follows:

FARIMEX PRODUCTS INC. (hereinafter – the Plaintiff or Farimex) filed a claim, with the Business Court of the Khanty-Mansi Autonomous District – Yugra, against ECO TELECOM LIMITED, Altimo Holdings & Investments Ltd., AVENUE LIMITED, JANOW PROPERTIES LIMITED, SANTEL LIMITED, Telenor East Invest AS, and Open Joint Stock Company CT-Mobile, seeking recovery of US$ 3,797,818,500 in favor of Open Joint Stock Company Vimpel-Communications (hereinafter referred to as OAO VimpelCom) from the Respondents, jointly and severally.

Prior to the court proceedings, the Plaintiff announced an increase of the claim amount to US$ 5,746,614,787.79. That petition was denied by a court ruling.

OAO VimpelCom, Mikhail Fridman, Alexei Reznikovich, Arve Johansen, Fridtjof Rusten, and Henrik Torgersen have been named in the case as third parties who make no independent claims regarding the matter in dispute.

By a ruling of July 18, 2008, a court session was scheduled for August 12, 2008. Once the court selected arbitration assessors from among candidates nominated, the court adjourned until August 14, 2008.

Representatives of the Plaintiff, the Defendants, and third parties, with the exception of OAO VimpelCom and Henrik Torgersen, attended the court session.

In support of its statement of claim, the Plaintiff cites losses sustained by OAO VimpelCom through unlawful actions and inaction of the Respondent, as manifest in preventing OAO VimpelCom from acquiring shares in ZAO Ukrainian RadioSystems and ZAO Kyivstar GSM. For these purposes, the Plaintiff cites Articles 10, 15, 47, 48, and 66 of the Civil Code of the Russian Federation, as well as Articles 6, 31, 53, and 71 of the Federal Law "On Joint Stock Companies".

The Respondents have rejected the claim for reasons laid down in the rebuttals.

In its rebuttal, ECO TELECOM LIMITED points out that it is not a shareholder in ZAO Kyivstar GSM and, therefore, its actions could not prevent any acquisition of shares in ZAO Kyivstar GSM; it did not block the acquisition of shares in ZAO Ukrainian RadioSystems through its representatives on OAO VimpelCom's Board of Directors. Moreover, ECO TELECOM LIMITED cites the absence of solidarity in the Respondents' actions.

In its rebuttal, Altimo Holdings & Investments Ltd. notes that the Plaintiff has failed to prove its right to sue; the Company is not a shareholder in OAO VimpelCom; it does not control AVENUE LIMITED, JANOW PROPERTIES LIMITED, SANTEL LIMITED, or OAO CT-Mobile; it has no rights to manage OAO VimpelCom. In court, the representative of Altimo Holdings & Investments Ltd. abandoned the argument that the Plaintiff had no right to sue.

AVENUE LIMITED, JANOW PROPERTIES LIMITED, and SANTEL LIMITED submitted a common rebuttal stating they can not be held liable for any abuse of rights as shareholders in OAO VimpelCom, since they were not such shareholders; they took no part in blocking OAO VimpelCom's entry to the Ukrainian cellular market and may not be held liable for third party actions with regard to OAO VimpelCom.

Telenor East Invest AS has failed to file a rebuttal but made objections to the lawsuit in court.

In its rebuttal, OAO CT-Mobile noted that it had never been a shareholder in OAO VimpelCom, had not nominated members to OAO VimpelCom’s Board of Directors and took no part in any transaction approval procedures of OAO VimpelCom.

Third parties Mikhail Fridman, Alexei Reznikovich, Arve Johansen, and Fridtjof Rusten, furnished written explanations expressing their disagreement with the lawsuit.

Third parties OAO VimpelCom and Henrik Torgersen failed to attend the trial and submitted no written explanation regarding the matter in dispute.

Having heard the representatives of parties involved in the case and having examined the evidence found in case materials, the court finds that the claim should be partially granted for the following reasons.

As follows from the case materials, the Plaintiff owns 25,000 American depositary receipts issued in evidence of OAO VimpelCom shares, as confirmed by a custody account statement dated April 1, 2008 (vol. 1, p. 148); a statement of cash account transactions as of April 22, 2008 (vol. 19, pp. 7-10); a letter by Bank of New York Mellon dated May 5, 2008 (vol. 19, pp. 1-6); a record of notarial examination of OAO VimpelCom's official site dated July 14, 2008 (vol. 18, pp. 141-145); a cash account transaction statement as of April 30, 2008; a statement of the depositary's custodial account dated July 30, 2008; a letter by Alfa Capital Holdings (Cyprus) Ltd. dated April 22, 2008; and a protocol of notarial examination of Bank of New York Mellon's official site dated July 31, 2008, which the Plaintiff presented during the last court session.

Pursuant to Article 3.1 of OAO VimpelCom's Charter (vol. 2, pp. 1-23), holders of depositary receipts (including American depositary receipts) that represent common registered shares or preferred shares have the same rights and obligations as do [any] Shareholders that own common registered shares or preferred shares (as the case may be) (whether personally or through a nominee holder), and are deemed Shareholders for all purposes in keeping with such Charter, including, without limitation, Article 10.3 of the Charter.

In addition, in keeping with Letter No. 05-VG-03/13719 of the Russian Federation's Federal Service for Financial Markets dated August 29, 2005, the terms and conditions of creating and trading in any American depositary receipts, i.e., ADRs that have an ISIN security identification number assigned under any procedure established by a foreign law, and which evidence the title to shares of Russian issuers, fit the body of criteria defining an issuable security as described in Article 2 of Federal Law No. 39-FZ dated April 22, 1996 "On the Securities Market". Therefore, under the laws of the Russian Federation, the depositary receipts mentioned above constitute issuable securities of foreign issuers evidencing the Plaintiff's proprietary and non-proprietary rights to shares in OAO VimpelCom.

Between November 2004 and November 2005, OAO VimpelCom's Board of Directors [held meetings] to discuss acquisition of shares in ZAO Ukrainian RadioSystems and ZAO Kyivstar GSM for the company to access the Ukrainian cellular service market. In its belief that, as a result of the Respondents' wrongful actions and inaction, OAO VimpelCom acquired shares in ZAO Ukrainian RadioSystems too late and, therefore, sustained damages in the form of lost profit, the Plaintiff moved court with this lawsuit.

In view of the above, the court has concluded that the Plaintiff is entitled to file the claim in question.

Under Article 15 of the Civil Code of the Russian Federation, a person whose right has been violated may require full indemnification of any losses, also understood to include any lost revenue such person would have received in the regular course of business under civil law.

In keeping with Paragraph 3, Article 6 of the Federal Law "On Joint Stock Companies", shareholders in a subsidiary may require that the parent company pay damages the subsidiary may have sustained through the parent's fault. Such damages are only deemed to be sustained through the parent company's fault if the parent company has used any rights and capabilities available to it to cause the subsidiary to perform any actions in the knowledge that the subsidiary would sustain losses as a result.

In the meaning of Paragraph 3, Article 6 of the Federal Law "On Joint Stock Companies", the following circumstances are to be proven in a lawsuit for damages: the parent company's unlawful use of its right or ability to influence its subsidiary's actions (i.e., the unlawful action *per se*), losses sustained through such actions (their quantum); the cause-and-effect relationship between the unlawful action and such losses; and the parent company's culpability manifest in having foreseen any losses so sustained.

Under Article 66 of the Federal Law "On Joint Stock Companies", members of a joint stock company's Board of Directors are nominated and elected by company shareholders in a general meeting. This enables company shareholders to influence the Board's decision-making by issuing instructions to any Board members they may have delegated thereto.

Such influence is further strengthened because, under the Charter of OAO VimpelCom (Article 10.6 of the Charter, vol. 5, p. 18), the number of votes required to make the company's most important decisions (including acquisition or disposal of equity stakes in other companies, see Article 10.5.11 of the Charter) shall be at least 80 percent of total votes held by the members of the Company Board.

The Company's Board of Directors comprises 9 members (Article 10.2 of the Charter – vol. 2, p. 15); therefore, [any] two members of the Company's Board may prevent the passage of any decision (i.e., may "block" such decision) requiring an 80 percent majority vote by the Board. Therefore, if as few as two Board members represent [any] one shareholder, such shareholder is able to determine ("block") decisions made by the Board of Directors, and thus decisions of the entire company.

Under Paragraph 2, Article 6 of the Federal Law "On Joint Stock Companies", a company is deemed a subsidiary if another (parent) company is able to determine decisions made by such company for reasons of dominant equity participation, under a contract between them, or otherwise.

The legislators have formulated the above legal model literally with regard to the relationship between a parent company and a subsidiary. Meanwhile, the meaning of civil law regulation imparted thereto and related to the potential emergence of a situation whereby third parties influence decision-making by a company's governing bodies makes it possible to extend its application to relations between the company and any shareholders who delegate their representatives to [its] Board of Directors. Therefore, the need for fair and *bona fide* regulation of shareholder relations entitles the court to apply an analogy of law (Article 6 of the Civil Code of the Russian Federation).

The following should be noted as regards the facts of the dispute in question.

Between June 2004 and June 2005, Arve Johansen, Jo Lunder, and Henrik Torgersen sat on the Board of Directors of OAO VimpelCom as the members representing its shareholder Telenor East Invest AS. Terje Thon was an independent nominee of Telenor East Invest AS.

Between the summer of 2005 and the summer of 2006, Arve Johansen, Henrik Torgersen, and Fridtjof Rusten were elected to OAO VimpelCom's Board of Directors by its shareholder Telenor East Invest AS. Mr. Jo Lunder was an independent nominee of Telenor East Invest AS.

Based on the above provisions of the Charter, as well as Paragraph 2, Article 6 of the Federal Law "On Joint Stock Companies", as applied by the court using an analogy of law (Article 6 of the Civil Code of the Russian Federation), and considering that Telenor East Invest AS is able, acting through its representatives on OAO VimpelCom's Board of Directors (*i.e.*, otherwise) to determine decisions made by OAO VimpelCom, the court finds merit in the Plaintiff's argument to the effect that Telenor East Invest AS is one of the parent companies vis-à-vis OAO VimpelCom, while OAO VimpelCom, respectively, is a subsidiary vis-à-vis Telenor East Invest

AS. Considering the analogy of law so applied, the above statement is limited to OAO VimpelCom passing any decisions within the Board of Director's jurisdiction.

The court also accepts the Plaintiff's arguments that the actions of Telenor East Invest AS carried out through its representatives on OAO VimpelCom's Board of Directors and intended to prevent the adoption (*i.e.*, to "block") the passage of Board of Directors' resolutions as regards the approval of transactions involving acquisition of shares in ZAO Ukrainian RadioSystems, and also their inaction, as manifest in delaying the process of adopting decisions necessary to enter Ukraine's cellular market, should be viewed as the use of rights and capabilities available to Telenor East Invest AS in order to prevent OAO VimpelCom from performing [certain] actions, as a result of which the above company sustained losses.

Such assessment of actions and inaction by Telenor East Invest AS is, among other things, borne out by the following circumstances evidenced by case materials and explanations of case participants.

Discussions as regards OAO VimpelCom's potential entry into Ukraine's telecoms market started in the fall of 2004, when the members of OAO VimpelCom's Board of Directors expressed their consent, in principle, to consider that issue at one of the forthcoming meetings of the Board of directors, as recorded in Minutes No. 9 of the Board of Directors' meeting dated October 6, 2004 (vol. 2, p. 26).

The transaction involving acquisition of a 100 percent stake in ZAO Ukrainian RadioSystems was ready for execution in November 2004, as reflected in Minutes No. 11 of the Board of Directors' meeting dated November 4, 2004 (vol. 2, p. 49).

As follows from Minutes No. 11 of the Board of Directors meeting dated November 4, 2004 (vol. 2, p. 49), representatives of Telenor East Invest AS on the Board referred to the transaction's prospects in negative terms. In fact, Henrik Torgersen spoke about premature "expansion of the company's activities into the Ukrainian territory" in general, but failed to address the risky nature of that specific proposed acquisition of shares in ZAO Ukrainian RadioSystems. This fact evidences that representatives of Telenor East Invest AS groundlessly impeded OAO VimpelCom's transactions, solely to prevent OAO VimpelCom, as a potential competitor of ZAO Kyivstar GSM controlled by Telenor East Invest AS and Altimo Holdings & Investments Ltd., from entering Ukraine's cellular market.

The issue regarding a conflict of interest between Telenor East Invest AS and Altimo Holdings & Investments Ltd., being one party, and OAO VimpelCom being the other party, with regard to the entry into the transaction in question, was openly discussed at a Board of Directors' meeting. There, Jo Lunder (a representative of Telenor East Invest AS on OAO VimpelCom's Board of Directors) agreed with misgivings expressed by Mikhail Fridman regarding the above conflict of interests, as recorded in Minutes No. 11 of the Board of Director's meeting dated November 4, 2004 (vol. 2, p. 50).

During the next meeting of the Board of Directors, Jo Lunder and Alexander Izosimov, General Director of OAO VimpelCom, noted that, given various reasons discussed at the meeting, no decisions regarding potential acquisition of the Ukrainian telecoms operator would be made at that BoD meeting. That fact was reflected in Minutes No. 12 of the Board of Director meeting dated December 15, 2004 (vol. 2, p. 77). The above was caused by lack of an agreed position among the Board of Directors' members, given the opposition expressed by the Telenor East Invest AS directors.

Subsequently, the acquisition of ZAO Ukrainian RadioSystems was discussed at the Board of Directors' meeting held on April 22, 2005, as follows from Minutes No. 2 of the Board of Directors' meeting dated April 22, 2005 (vol. 2, p. 137). In particular, Alexander Izosimov advised the Board of Directors that the acquisition price of shares in ZAO Ukrainian RadioSystems had substantially increased since the negotiations began.

As follows from Minutes No. 2 of the Board of Directors' meeting dated April 22, 2005 (vol. 2, p. 137), Henrik Torgersen, Terje Thon, and Arve Johansen voted against the resolution authorizing OAO VimpelCom to acquire a 100 percent equity stake in ZAO Ukrainian RadioSystems. Jo Lunder abstained from voting. The adoption of the relevant decision by the Board of Directors was "blocked" by the above actions on the part of the representatives of Telenor East Invest AS on the Board of Directors.

At the Board of Directors' meeting held June 14, 2005, the BoD members were presented with an alternative project to access the Ukrainian market, namely by way of acquiring a minority equity stake in ZAO Ukrainian RadioSystems, provided a majority stake is acquired by equity investment funds. Ostensibly, such project was to significantly reduce risks to OAO VimpelCom; therefore, such project reflected suggestions by BoD members regarding alternatives for the acquisition of ZAO Ukrainian RadioSystems, as expressed at prior meetings. This fact follows from Minutes No. 9 of the Board of Directors' meeting dated June 14, 2005 (vol. 5, pp. 143-144).

Nevertheless, Henrik Torgersen and Arve Johansen, representatives of Telenor East Invest AS, "blocked" the resolution of this matter yet again by voting against the decision.

Later, the matter of acquiring ZAO Ukrainian RadioSystems was put up for discussion at the Board of Directors on August 15, 2005, after the first abortive Extraordinary General Meeting failed to convene for lack of quorum. BoD members were asked to vote on the following two issues: support for OAO VimpelCom's expansion in Ukraine, and an instruction authorizing the management to take any measures necessary to obtain opinions as to valuation fairness from one or two international banks. No decision was made, as Arve Johansen blocked it. Meanwhile, Fridtjof Rusten and Henrik Torgersen abstained from vote, as recorded in Minutes No. 7 of the Board of Directors' meeting dated August 15, 2005 (vol. 3, pp. 4-5).

After the Extraordinary General Meeting of September 14, 2005 (vol. 5, p. 70) resolved to approve the acquisition of a 100 percent stake in ZAO Ukrainian RadioSystems as an interested party transaction, the BoD members, at a meeting on September 16, 2005, discussed the matters of the Extraordinary General Meeting. The Board members were not asked to vote in favor of the transaction with ZAO Ukrainian RadioSystems (since the General Meeting had already made this decision), but were asked instead to express support to the Company's General Director and to reiterate that he was obliged to carry out the General Meeting's decisions. Once again, all BoD members representing Telenor East Invest AS, *i.e.*, Arve Johansen, Fridtjof Rusten, and Henrik Torgersen, voted against such resolution, which was therefore never adopted, as reflected in Minutes No. 8 of the BoD meeting held September 16, 2005 (vol. 3, p. 5).

Nevertheless, the General Director of OAO VimpelCom did enter into the transaction involving acquisition of a 100 percent stake in ZAO Ukrainian RadioSystems on November 11, 2005.

However, even after the said transaction was entered into, Telenor East Invest AS actively opposed its execution and mounted court challenges to the validity of both the transaction *per se* and the General Meeting's decision approving the same, as well as the resolution of the Company's sole executive, for almost two years, starting end-January 2006.

In particular, in his May 25, 2005 interview for the Ukrainian print outlet *InvestGazeta*, the Telenor East Invest AS representative in Ukraine, Mr. Sigmund Ekhougen made the following statement regarding the transaction in question: "We believe it is an unfortunate business decision. First and foremost, the interests of Alfa and Telenor are represented in Kyivstar; it is therefore wrong, in our view, to become an owner of yet another Ukrainian operator." (vol. 5, p. 41).

Minutes No. 9 of the Board of Directors' meeting dated September 16, 2005 (vol. 3, p. 45) record actual threats by Telenor East Invest AS to sue Alexander Izosimov, General Director of OAO VimpelCom, personally, in case the acquisition of ZAO Ukrainian RadioSystems went ahead.

The above circumstances further support the Plaintiff's contention that Telenor East Invest AS purposefully acted to prevent the execution and performance of the transaction involving the acquisition of shares in ZAO Ukrainian RadioSystems by OAO VimpelCom.

The record of vote at OAO VimpelCom's BoD meetings as regards the approval of transactions involving the acquisition of shares in ZAO Ukrainian RadioSystems confirms the fact that the nominees of Telenor East Invest AS on OAO VimpelCom's Board of Directors aligned their positions in voting at OAO VimpelCom Board of Directors' meetings with the positions of Telenor East Invest AS throughout the period in question; namely, they either acted on instructions of Telenor East Invest AS officials or occupied senior positions on the governing bodies of Telenor East Invest AS. Thus, Arve Johansen has served as Senior Executive Vice President of Telenor East Invest AS since 1999; Fridtjof Rusten has been Senior Vice President of Telenor East Invest AS since January 2003.

Considering the above circumstances, the court finds merit in the Plaintiff's claim regarding the unlawful nature of Telenor East Invest AS actions, as manifest in the fact that such Respondent acted through its representatives on OAO VimpelCom's Board of Directors in its own commercial interests, rather than in the interests of OAO VimpelCom. Meanwhile, Telenor East Invest AS recognized and permitted the generation of losses at OAO VimpelCom as a company dependent on its decisions.

Having considered the foregoing facts in their totality and interconnection, the Court believes that the *mala fide* and unlawful behavior on the part of Telenor East Invest AS was caused by the then existing conflict of interests between Telenor East Invest AS and OAO VimpelCom, since Telenor East Invest AS is a major shareholder of ZAO Kyivstar GSM, a leading telecoms operator in Ukraine and therefore a potential competitor of OAO VimpelCom.

As follows from the foregoing, the inaction by the BoD members representing Telenor East Invest AS was predicated on the *mala fide* behavior of a major shareholder in OAO VimpelCom, *i.e.*, Telenor East Invest AS, which mostly followed its own interests as the largest shareholder in another company that was a potential competitor to OAO VimpelCom, and which pursued its own benefits rather than the interests of OAO VimpelCom, whose management it influenced in a decisive manner.

As follows from case materials, in particular from Minutes No. 11 of the BoD meeting dated November 4, 2007 (vol. 2, p. 49), the transaction to acquire a 100 percent stake in ZAO Ukrainian RadioSystems by OAO VimpelCom, which enables the Company to enter the Ukraine's mobile telecoms market, had been fully prepared as early as November 2004. There were no other obstacles to entry into the above transaction, other than the failure of OAO VimpelCom's Board of Directors to approve the same.

Such failure to have the above transactions approved by the necessary number of BoD Members prevented its conclusion. The entry into the foregoing transaction without an appropriate resolution of the Company's Board of Directors passed by a majority vote of 80% of all BoD members would have been contrary to the Company Charter (Articles 10.5.11 and 10.6 of the Charter), subsequently entailing such transaction's invalidity.

As a result of *mala fide* actions on the part of Telenor, which acted through its representatives on the Company's Board of Directors, a BoD decision authorizing OAO VimpelCom to enter the Ukrainian telecoms market by acquiring shares in ZAO Ukrainian RadioSystems had been blocked for a year.

As a result of culpable actions and, in certain cases, inaction on the part of persons representing Telenor on the Company's Board of Directors, the entry into transactions that would have gained OAO VimpelCom an entry into Ukraine's mobile communications market was foiled.

At that point in time, the Company had no other opportunity to enter the Ukrainian market other than entering into transactions that involved acquisition of shares in ZAO Ukrainian RadioSystems.

As a result of Telenor representatives on the Board of Directors blocking the above decisions, OAO VimpelCom only entered the Ukrainian market with a one-year delay.

Therefore, based on the facts of the case, the court has established the following cause-and-effect relationship between Telenor's unlawful actions/inaction and the losses sustained by OAO VimpelCom as a result of such actions/inactions:

1) unlawful actions by Telenor, acting through its representatives on the Company's Board of Directors;
2) Telenor representatives on the Company's Board of Directors blocking the adoption, by the Company's Board of Directors, of decisions approving acquisition of shares in ZAO Ukrainian RadioSystems;
3) failure to enter into transactions involving the acquisition of shares in ZAO Ukrainian RadioSystems in November 2004;
4) OAO VimpelCom's failure to enter Ukraine's mobile market in November 2004;
5) OAO VimpelCom's losses due to its late (in November 2005) entry into Ukraine's mobile telecom market.

The court also believes it proven that the relevant cause-and-effect relationship existed between Telenor's actions/inaction and the unfavorable consequences to OAO VimpelCom that took place.

Paragraph 3, Article 6 of the Federal Law "On Joint Stock Companies" specifies that losses are only deemed to be sustained through a parent company's fault in case the parent company knew in advance that, as a result of its unlawful actions, its subsidiary would incur losses.

Therefore, a parent company is only held liable if it could foresee the occurrence of adverse consequences for its subsidiary in the form of losses. That is, Telenor's ability to foresee losses sustained by OAO VimpelCom as a result of Telenor actions means that Telenor is guilty.

The court has concluded that, since Telenor is a majority shareholder in ZAO Kyivstar GSM, one of Ukraine's largest cell phone operators, it was well aware of the situation prevailing in the Ukrainian market for mobile telecommunications and of financial benefits to be obtained through OAO VimpelCom's entry into the Ukrainian market. In this context, Telenor was so active in preventing the transaction.

Moreover, at the BoD meeting held on April 22, 2005, whose results are recorded in Minutes No. 2 dated April 22, 2005 (vol. 2, p. 141), when the approval of transaction to acquire 100 percent shares in ZAO Ukrainian RadioSystems was first put to vote, Alexander Izosimov drew attention of the BoD members to the fact that "the price has significantly increased since the negotiations began." At the same meeting, Mr. Ryabokon noted that "the time is working against VimpelCom", and Mikhail Fridman also emphasized that "the time is working against VimpelCom, and the Company has already missed a chance to acquire WellCOM (ZAO Ukrainian RadioSystems) at a lower price." As follows from the above, as early as April 2005, the BoD members were advised that OAO VimpelCom was starting to incur losses associated with the delayed process of approving the acquisition of ZAO Ukrainian RadioSystems due to lack of coordination in the actions of Company's BoD members.

Moreover, the profitability of such transaction enabling access to a new and promising market, which Ukraine's mobile market was at that point, had been confirmed by expert opinions that OAO VimpelCom management submitted to the BoD members before the issue was put to vote. Therefore, members of the Board of Directors could have concluded that actions to block adoption of BoD decisions would result in substantial losses to OAO VimpelCom based on the

conventional experience of an average reasonable person. The court further takes into account that any member of the Board of Directors is a professional manager, rather than "an average reasonable person"; therefore, given his professional competence, he should have foreseen the losses associated with such failure to enter a new and promising market.

Therefore, acting through its representatives on the Board of Directors, Telenor knowingly ensured that any resolutions of OAO VimpelCom's Board of Directors authorizing the acquisition of shares in ZAO Ukrainian RadioSystems were blocked, as to prevent OAO VimpelCom from accessing the Ukrainian cellular market, while knowing in advance that such actions would entail losses to OAO VimpelCom.

Meanwhile, in breach of the requirements laid down in Article 65 of the Russian Federation Code of Arbitration Procedure, the Plaintiff has failed to furnish evidence that the other Respondents had inflicted [any] losses on OAO VimpelCom. In particular, the argument regarding unlawful inaction of such Respondents in the form of failing to force Telenor into carrying out actions intended to enter into transactions involving the acquisition of shares in Ukrainian cellular operators is hypothetical and is not supported by written evidence. Likewise, no proof is in place as to the existence of a cause-and-effect relationship between any actions of the said Respondents and the harmful consequences that occurred. The court likewise sees no culpability on the part of any Respondents, other than Telenor, in inflicting losses on OAO VimpelCom.

Therefore, the claim shall be denied with regard to recovery of damages from ECO TELECOM LIMITED, Altimo Holdings & Investments Ltd., AVENUE LIMITED, JANOW PROPERTIES LIMITED, SANTEL LIMITED, and OAO CT-Mobile.

In order to determine the amount of losses so inflicted, the court issued an order of June 23, 2008 to authorize a forensic examination as to clarify the following points:

1) to what extent the market value of shares in OAO VimpelCom would have increased (the amount of lost/extra market value of OAO VimpelCom) as of the lawsuit filing date (April 14, 2008), had it entered the Ukrainian cellular market on November 1, 2004;

2) what is the amount of losses (lost revenue from missed accounts) to OAO VimpelCom's operations in the Ukrainian cellular market, as carried out through ZAO Ukrainian RadioSystems, between November 1, 2004 and April 14, 2008; and

3) what is the amount of losses inflicted on OAO VimpelCom as a result of belated acquisition of the Ukrainian company ZAO Ukrainian RadioSystems as of the lawsuit filing date (April 14, 2008).

In keeping with Expert Opinion No. EE-807149 (vol. 20; vol. 21, pp. 1-15) prepared by OOO Tsentr Nezavisimoy Extertizy Sobstvennosti [*Center for Independent Expert Review of Property*] pursuant to the above order, losses sustained by OAO VimpelCom over the above period total US$2,830,881,959.

Upon examining the above opinion, the court has found it lawful and reasonable.

Nevertheless, the court believes that the Plaintiff wrongfully counts the loss estimation period starting as of November 1, 2008 [*sic – transl.*]. As follows from Minutes No. 11 of the Board of Directors' meeting dated November 4, 2004 (vol. 2, p. 49), it was on that day that the Board of Directors had a tangible opportunity to pass a resolution authorizing OAO VimpelCom to acquire ZAO Ukrainian RadioSystems and to enter into a relevant contract. Therefore, the lost profit estimation period should be deemed to have started as of November 4, 2004.

Therefore, the court deems it necessary to deduct three days (November 1, 2004 through November 3, 2004) from the calculation and to recover losses of US$2,824,125,677 from Telenor East Invest AS in favor of OAO Vimpel-Communications.

The lawsuit's remaining portion shall be denied.

The state duty costs shall be borne by the parties pro rata to the claims granted [hereby].

In keeping with Articles 168-175 of the Russian Federation's Code of Arbitration Procedure, the Business Court

Has resolved as follows:

To recover US$2,824,125,677 in losses from Telenor East Invest AS in favor of Open Joint Stock Company Vimpel-Communications.

To recover court costs of 386,681 rubles, as well as state duty costs of 74,631.77 rubles from Telenor East Invest AS in favor of Farimex Products Inc.

To deny the lawsuit's remaining part.

This ruling may be challenged by way of appeal to the Eighth Business Court of Appeal within one month of the adoption hereof, and may be challenged by way of cassation to the Federal Business Court of the West Siberian District within two months of the ruling coming into effect.

In accordance with Part 2, Article 257, and Part 1, Article 275 of RF CAP, any appeal and cassation petition shall be submitted to the business court of appellate and cassation instances through the court that has adopted [this] ruling.

Presiding Judge	/s/	Ye.A. Karankevich
Arbitration Assessors	/s/	E.M. Alibayev
		Ya.N. Lazukova