

MOBILE TELESYSTEMS OJSC
Form 6-K
December 01, 2011

FORM 6-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer
December 01, 2011

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

Commission file number: 333-12032

Mobile TeleSystems OJSC

(Exact name of Registrant as specified in its charter)

Russian Federation

(Jurisdiction of incorporation or organization)

**4, Marksistskaya Street
Moscow 109147
Russian Federation**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

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Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

Press release

MTS Acquires 29% of MGTS Ordinary Shares

December 01, 2011

Moscow, Russian Federation Mobile TeleSystems OJSC (MTS or the Company NYSE: MBT), the leading telecommunications provider in Russia and the CIS, announces that MTS subsidiaries have completed the acquisition of a 100% stake in CJSC Sistema-Inventure (Sistema-Inventure), which directly owns 29% of the ordinary shares of Moscow City Telephone Network (MGTS). Sistema-Inventure was acquired from JSFC Sistema (Sistema) in accordance with the terms of indicative offer that were announced on September 06, 2011.

In accordance with the terms of the transaction, subsidiaries of MTS have acquired 100% stake in Sistema-Inventure, which directly owns 29% of the ordinary shares of MGTS, for RUB 10.56 billion. In addition to its stake in MGTS, Sistema-Inventure has RUB 10.41 billion(1) of debt owed to Sistema, and it was agreed that as a part of the transaction MTS will repay the debt by the end of 2011. Upon completion of the transaction MTS ownership stake in MGTS (direct and indirect) will have increased to 99.1% of ordinary shares and 69.7% of preferred shares, which overall total 94.1% of MGTS charter capital.

MTS subsidiaries have received all necessary regulatory approvals to complete the transaction. The approval of the acquisition of Sistema-Inventure by the MTS Board of Directors was based on the recommendation of the Special Committee to the Board of Directors, which consists of the three independent directors who serve on the Board of Directors. The Special Committee was established to oversee the transaction process and decide whether to recommend the acquisition to the full Board of Directors. A fairness opinion was provided to the Special Committee by an independent financial advisor, Citigroup Global Markets Limited. Cleary Gottlieb Steen & Hamilton served as legal advisor on the transaction, while Ernst & Young provided advice and analysis of the commercial, tax and financial aspects of the transaction.

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For further information, please contact in Moscow:

Joshua B. Tulgan

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Learn more about MTS. Visit the official blog of the Investor Relations Department at www.mtsgsm.com/blog/

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Mobile TeleSystems OJSC (MTS) is the leading telecommunications group in Russia, Eastern Europe and Central Asia, offering mobile and fixed voice, broadband, pay TV as well as content and entertainment services in one of the world's fastest growing regions. Including its subsidiaries, the Group services over 100 million mobile subscribers. The Group has been awarded GSM licenses in Russia, Ukraine, Uzbekistan, Turkmenistan, Armenia and Belarus, a region that boasts a total population of more than 230 million. Since June 2000, MTS' Level 3 ADRs have been listed on the New York Stock Exchange (ticker symbol MBT). Additional information about the MTS Group can be found at www.mtsgsm.com.

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Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward looking statements by terms such as expect, believe, anticipate, estimate, intend, will, could, may or might, and such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not

(1) Calculated under Russian Accounting Standards

undertake or intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission, specifically the Company's most recent Form 20-F. These documents contain and identify important factors, including those contained in the section captioned "Risk Factors" that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of Russian, U.S. and other foreign government programs to restore liquidity and stimulate national and global economies, our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so, strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses, including Comstar-UTS, potential fluctuations in quarterly results, our competitive environment, dependence on new service development and tariff structures, rapid technological and market change, acquisition strategy, risks associated with telecommunications infrastructure, governmental regulation of the telecommunications industries and other risks associated with operating in Russia and the CIS, volatility of stock price, financial risk management and future growth subject to risks.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MOBILE TELESYSTEMS OJSC

By:

/s/ Andrei Dubovskov

Name:

Andrei Dubovskov

Title:

CEO

Date: **December 01, 2011**