

MOBILE TELESYSTEMS OJSC
Form 6-K
January 12, 2011

FORM 6-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer
January 12, 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 Optimizes Interest Rates on the Gazprombank Financing

January 12, 2011

Moscow, Russian Federation Mobile TeleSystems OJSC (MTS NYSE: MBT), the leading telecommunications provider in Russia and the CIS, announces that it has further lowered the interest rates on the Gazprombank credit facilities.

The parties agreed to reduce the annual interest rate on the facilities from 9.5% to 8.75% in effect as of December 24, 2010. MTS also restructured the Euro-denominated share of the facilities in the amount of Euro 200 million into Russian rubles with the new interest rate of 8.75% (up from 7% on Euro-denominated facilities).

The final payment is to be executed in February 2015, but the agreement allows for early repayment.

Alexey Kornya, MTS Vice President and Chief Financial Officer for MTS, highlighted, Amendment of the terms of the outstanding Gazprombank debt facilities is part of the MTS strategy aimed at lowering interest expenses and limiting currency risks. Successful renegotiating of the terms of the credit facilities in 2010, according to our estimates, will reduce our annual interest expenses by \$250 million.

Earlier, in May 2010 MTS announced amendment of the terms of its Gazprombank facilities. Following the amendment, the maturity was extended from 1.5 2.5 years to five years. In addition, the interest rate on the facility in the amount of RUB 6.46 billion was reduced. The new debt repayment schedule stipulates quarterly payments in six equal parts, starting from November 2013.

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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 106.3 million mobile subscribers 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 the negative of 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 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

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| By: | /s/ Mikhail Shamolin | |
| | Name: | Mikhail Shamolin |
| | Title: | CEO |

Date: **January 12, 2011**