

MTS Settles Conflict With Alfa Over Kyrgyz Operator

By [The Moscow Times](#)

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A protracted legal dispute between MTS and Altime, Alfa Group's telecom arm, over Kyrgyz mobile phone operator Bitel has been settled, Kommersant reported Wednesday.

Under the terms of a settlement agreement, MTS, one of Russia's big three telecom companies, will receive a payment of up to \$150 million, including \$125 million that it has already received. MTS will also be able to reinstate to its balance sheet \$320 million that it was forced to write off in 2006 due to the dispute.

"All litigation between the sides and involved parties has ceased and the sides have withdrawn their claims against each other," MTS said in a statement.

The conflict between MTS and Alfa Group broke out in 2005. MTS bought 51 percent of Bitel, at the time Kyrgyzstan's largest telecom operator, for \$150 million, with the option to purchase the remaining 49 percent by the end of the following year for \$170 million.

Almost immediately after the deal the Kyrgyz Supreme Court ordered that Bitel be handed over to a Russian firm. This firm then transferred the asset to mobile operator Sky Mobile, which was owned by Altimeo.

Five years later, a Kyrgyz court ordered MTS to pay the additional \$170 million specified in the option for the remaining 49 percent stake, which the company refused to do. It has taken MTS eight years of litigation in various international courts to prove Alfa Group's involvement in the Bitel affair and assert its claim to the asset.

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