

Investor Meetings, August 2008

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Rostelecom Investor Presentation

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Certain statements in this presentation are forward-looking statements within the meaning of the U.S. federal securities laws and are intended to be covered by the safe harbors created thereby.

Those forward-looking statements include, but are not limited to:

- Management's assessment of the Company's future operating and financial results as well as forecasts of the present value of future cash flows and related factors;*
- the Company's anticipated capital expenditures and plans to construct and modernize its network;*
- the Company's expectations as to the growth in demand for its services, plans relating to the expansion of the range of its services and their pricing;*
- the Company's plans with respect to improving its corporate governance practices;*
- the Company's expectations as to its position in the telecommunications market and the development of the market segments within which the Company operates;*
- economic outlook and industry trends;*
- the Company's expectations as to the regulation of the Russian telecommunications industry and assessment of impact of regulatory initiatives on the Company's activity;*
- other statements regarding matters that are not historical facts.*

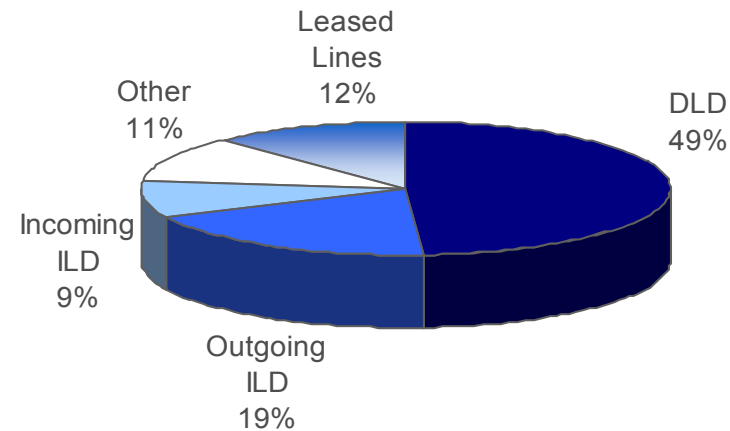
Such forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include:

- risks relating to changes in political, economic and social conditions in Russia as well as changes in global economic conditions;*
- risks relating to Russian legislation, regulation and taxation, including laws, regulations, decrees and decisions governing the Russian telecommunications industry, securities industry as well as currency and exchange controls relating to Russian entities and their official interpretation by regulatory bodies;*
- risks relating to the Company, including the achievement of the anticipated results, levels of profitability and growth, ability to create and meet demand for the Company's services including their promotions, and the ability of the Company to remain competitive in a liberalized telecommunications market;*
- technological risks associated with the functioning and development of the telecommunications infrastructure, technological innovations as well as the convergence of technologies;*
- other risks and uncertainties. For a more detailed discussion of these and other factors, see the Company's Annual Report on Form 20-F for its most recently completed fiscal year and the Company's other public filings with The U.S. Securities and Exchange Commission.*

Many of these factors are beyond the Company's ability to control or predict. Given these and other uncertainties, readers are cautioned not to place undue reliance on any of the forward-looking statements contained herein or otherwise. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements (which are made as of the date hereof) to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as may be required under applicable laws.

	Key Facts	Revenue Breakdown
✓	Rostelecom owns and operates nationwide digital trunk network	
✓	In all Russian regions Rostelecom primarily provides fixed-line DLD and ILD services to end-customers while further offering new products and services	
✓	Rostelecom is a major provider of telecommunications services for state organizations and governmental agencies, television and radio broadcasters	
✓	51% of voting shares owned by the state controlled holding company Svyazinvest	
✓	Shares traded on NYSE, LSE, FWB, RTS, MICEX	
✓	Market capitalization: USD 9.01 billion	

Revenue breakdown by service*



* In accordance with FY 2007 IFRS results

Nationwide Network Underpins Rostelecom's Competitive Market Position

Developed trunk network underlies the Company's competitive advantages

Most extensive and sophisticated network infrastructure among Russian operators

- ✓ about 150,000 km in length
 - ✓ points of presence across entire Russian Federation
 - ✓ points of presence in London, Stockholm, Frankfurt, Helsinki, New York and Hong Kong
 - ✓ 99% digitalized in channel-kilometers
 - ✓ 100% digitalized in switching capacity
- ✓ Rostelecom has established direct international connections with more than 150 operators in 70 countries, participates in 25 cable systems and cooperates with approximately 600 fixed-line and mobile operators inside and outside of Russia

Most reliable traffic transmission route in Russia

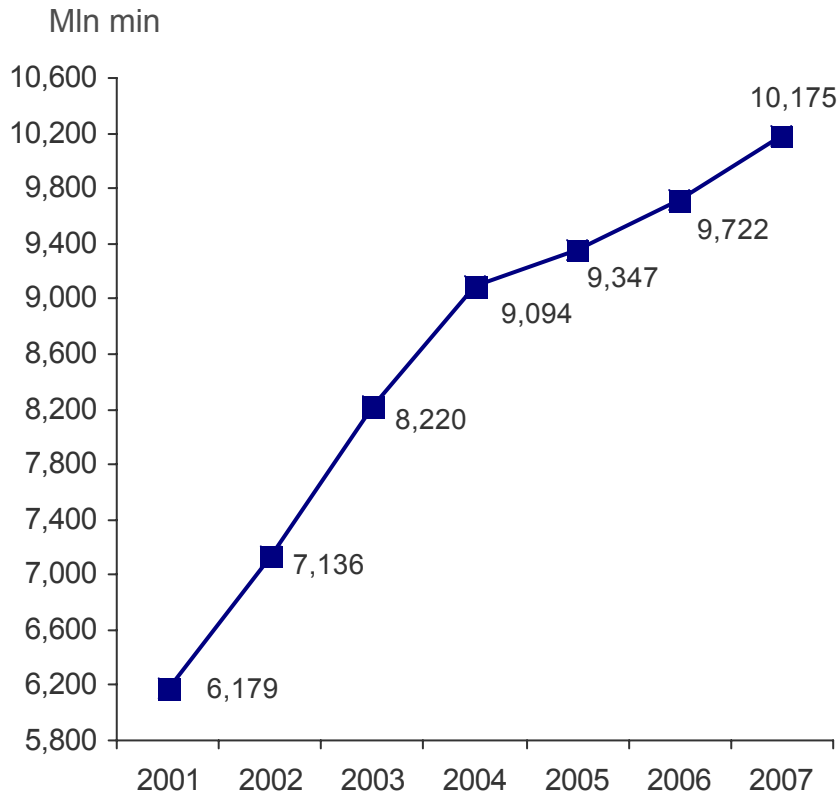
Low Repair & Maintenance expenses

High service recognition from operators and end-customers

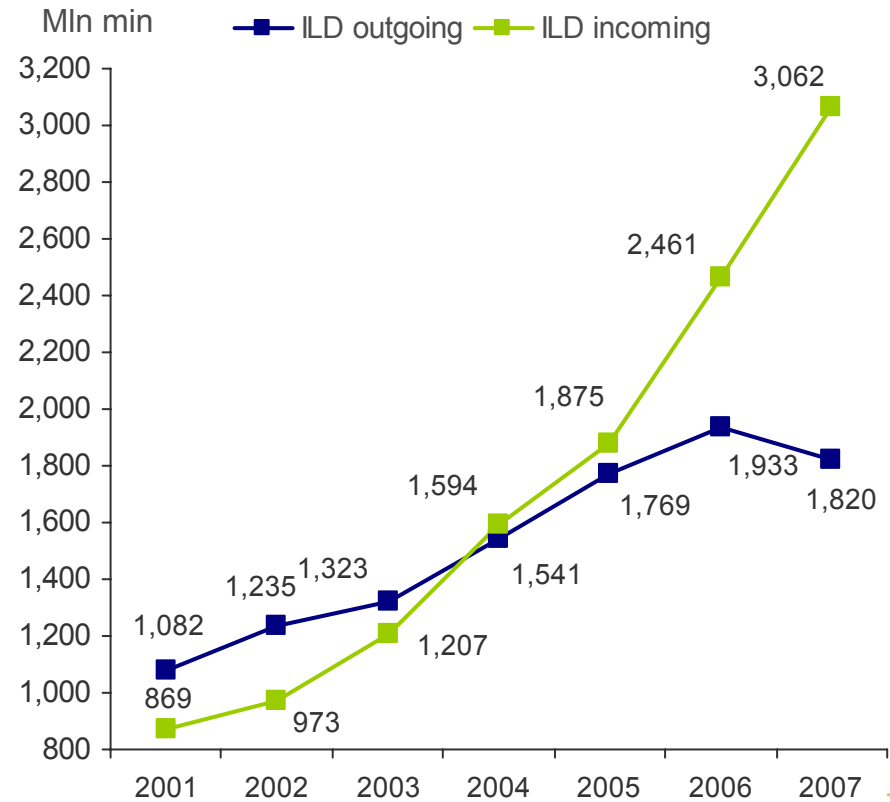
Competitive transit rates

Rostelecom has built the most advantageous technological position for providing a growing range of telecommunications services in the competitive environment

Rostelecom's domestic long-distance (DLD) traffic dynamics



Rostelecom's international long-distance (ILD) traffic dynamics



✓ DLD traffic to grow 2-4% p.a. over the next 2 – 3 years

✓ Incoming ILD traffic to grow 10-15% p.a., outgoing ILD at 1-3% p.a. over the next 2 - 3 years

Offering State-of-the-art Services for Every Customer Segment

	Voice services	Data transmission	Intelligent network services (INS)
Residential customers	<ul style="list-style-type: none"> DLD and ILD services 		<ul style="list-style-type: none"> Freephone <p><i>To be launched:</i></p> <ul style="list-style-type: none"> Universal access number (UAN)
Corporate customers	<ul style="list-style-type: none"> DLD and ILD services Videoconferencing <p><i>To be launched:</i></p> <ul style="list-style-type: none"> Local telephone services Audioconferencing 	<ul style="list-style-type: none"> Leased lines Dedicated Internet access IP VPN <p><i>To be launched:</i></p> <ul style="list-style-type: none"> Data Center services 	<ul style="list-style-type: none"> Freephone, International Freephone (IFS) Premium rate Televoting <p><i>To be launched:</i></p> <ul style="list-style-type: none"> Universal access number (UAN) IVR & Contact Center
Operators	<ul style="list-style-type: none"> Traffic transit and termination services IP transit 	<ul style="list-style-type: none"> Leased lines (LD, International; Europe-Asia transit /TEA/) Internet traffic transit <p><i>To be launched:</i></p> <ul style="list-style-type: none"> IP VPN Data Center services 	

Data Transmission Market: Seizing Significant Opportunities in a Fast Growing Market

Following the launch of wholesale Internet services in 2006, Rostelecom's market share reached 11% in 2007 with a targeted 40% share by the end of 2008

Expansion of Rostelecom's IP/MPLS network

- ✓ 2005 – Began construction.
- ✓ 2007 – Rostelecom's IP/MPLS network – the most technologically advanced in Russia with high capacity and reliability:
 - cutting-edge technologies and equipment;
 - certified information security.
- ✓ 2008 – further network upgrades in Russia and abroad:
 - over 100 regional nodes;
 - launching a number of data centers;
 - additional presence in key international traffic exchange points.

Further development of Internet and IP VPN services aimed at both operators and corporates

- ✓ Active development of services on the back of Rostelecom's IP/MPLS network – new growth opportunities to counteract any future decreases in market shares in traditional telecom segments.
- ✓ A wide range of services (Internet, IP VPN, Data Center) aimed at both operators and corporates underpinned by continuing growth of the Russian data transmission market.
- ✓ Rostelecom's priorities:
 - development of bundled data transmission services for Russian businesses and operators;
 - launch of offerings aimed at international operators such as the Europe-Asia Internet traffic transit and IP-based services.

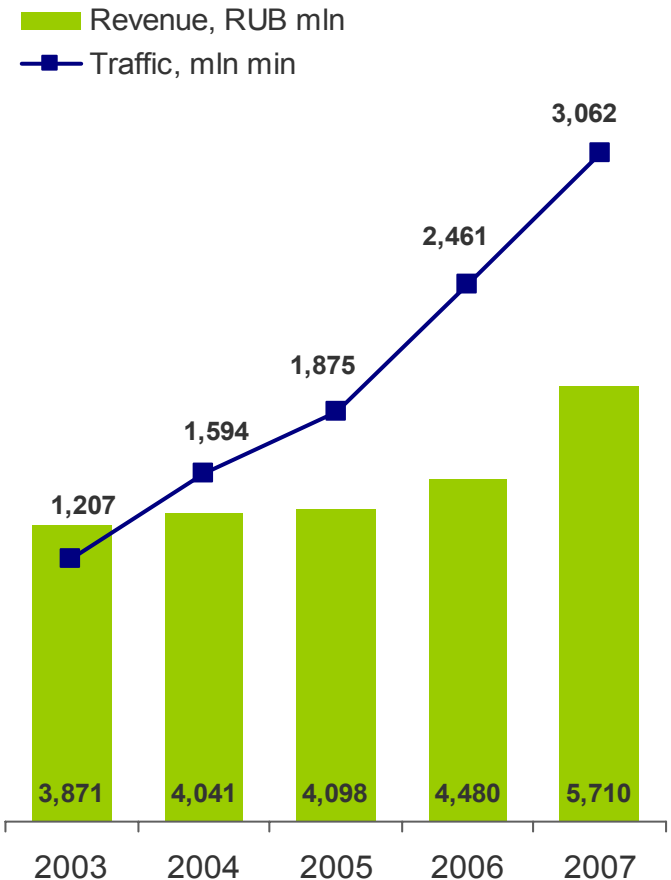
International Market: Stable Revenues on the Back of Sustained Traffic Growth

Strong relationships with international operators underpin Rostelecom's leading position in the international market

- ✓ Active cooperation with international operators
- ✓ Incoming ILD settlement rates optimization

✓ Continued growth in traffic volumes and positive revenue dynamics

Traffic and revenue from international operators



Leased Line Market: High Quality Service and Unique Network Advantages are Rostelecom's Key Strengths

Growing overall demand, strong relationships with operators and businesses and an optimized tariff policy support steady revenue growth from leased line services

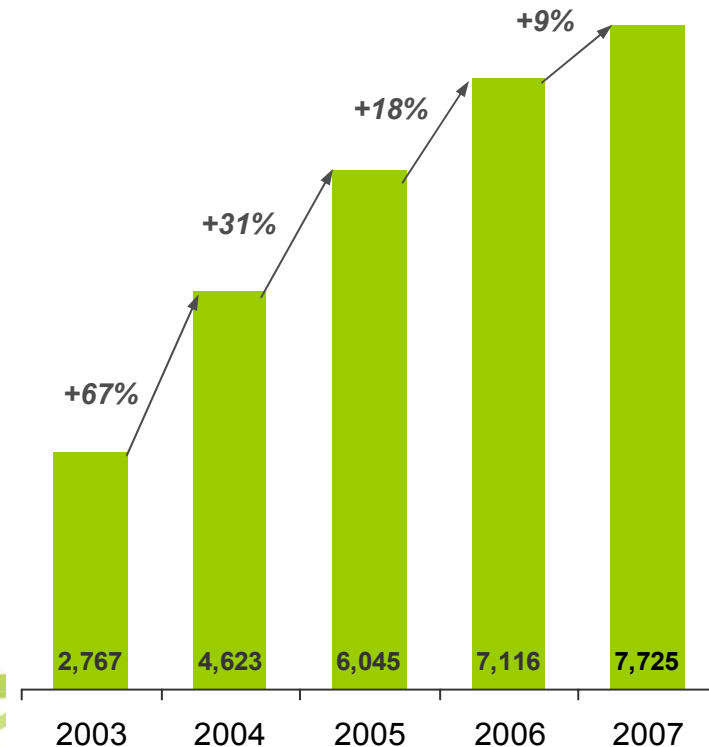
- ✓ Unique scale and capacity of Rostelecom's advanced nationwide network
- ✓ Increase in demand for leased line services from operators and businesses across Russia
- ✓ DLD and ILD channels for rent: Includes Europe-Asia transit (TEA) services – offering international operators the shortest and most reliable route for traffic transmission between the two continents via Rostelecom's terrestrial network
- ✓ High quality of service and brand awareness



- ✓ Rostelecom enjoys strong position in the leased line market
- ✓ Sustained growth in revenues

Revenue from leased line services

RUB mln



✓ **Effective promotion of existing Intelligent Network Services (INS):**

- Free-phone (8-800-200; 8-800-100)
- Premium rate (8-809-200)
- Televoting

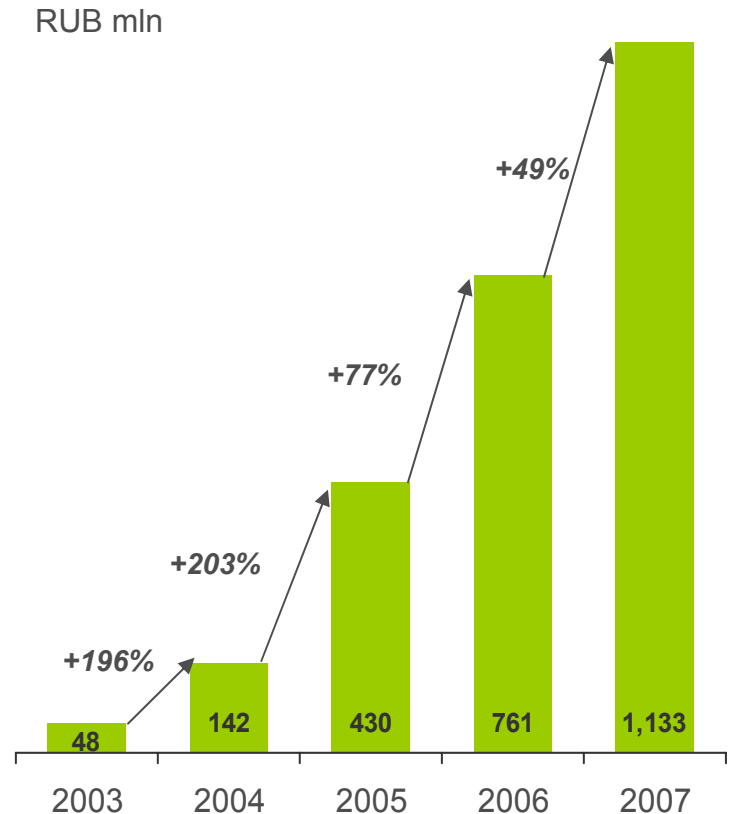
✓ **Active development of new services:**

- UAN (8-804) service to be launched

✓ **Rostelecom – competitive player in the VAS market**

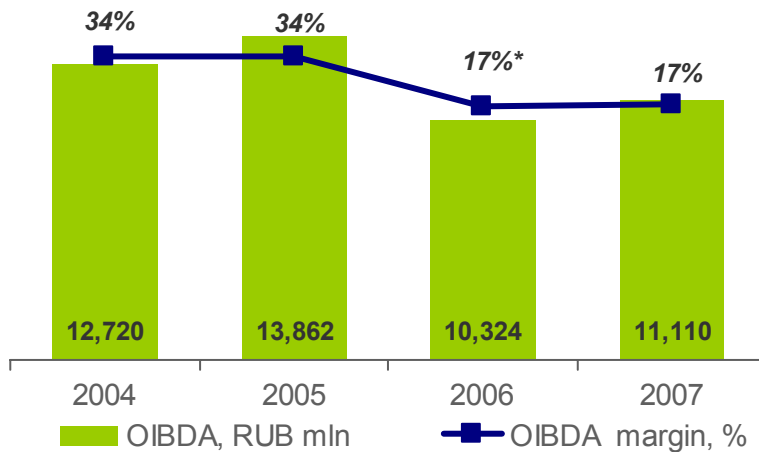
✓ **Strong growth in INS revenues**

Revenue from Intelligent Network Services (INS)

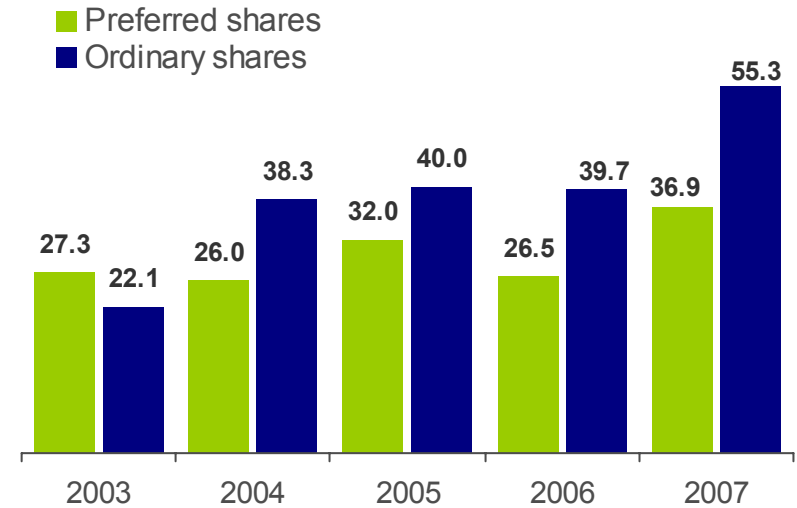


Stable Dividend Payments despite Impact of the New Interaction System

OIBDA and OIBDA margin



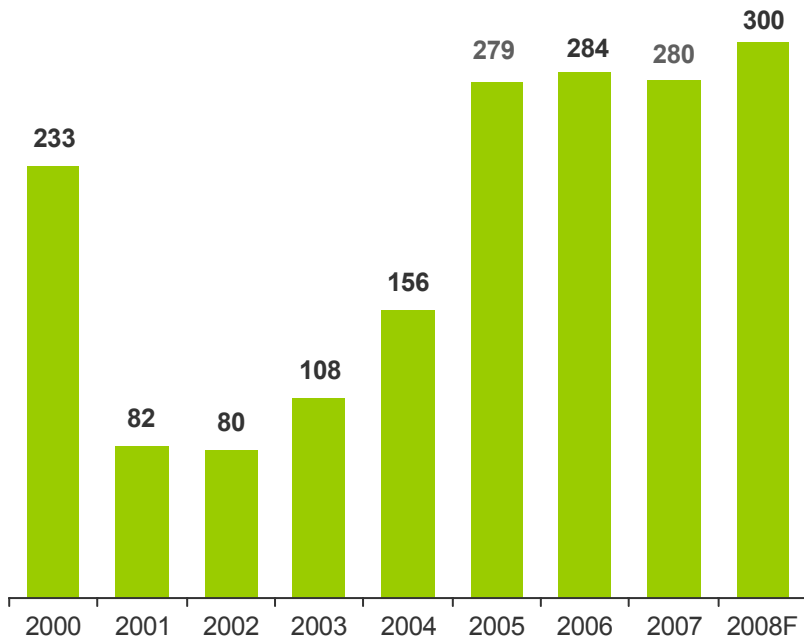
Dividends, USD million



**Decline in OIBDA margin is due to the transition to the new system of interaction with Russian operators and subscribers for the provision of domestic and international long-distance services effective from January 1, 2006*

Capital Expenditure Program to Enhance Rostelecom's Competitive Advantages

USD mln



Investment priorities

Capacity expansion

Implementation of unified billing system

Construction of new fiber-optic lines

Secondary network modernization, development of new services

Today's Priorities Focus on Competitive Strength and Efficiency

Traditional LD voice services to end-customers

- ✓ Further growth in traffic in the Russian market through tariff optimization.
- ✓ Securing leadership by active marketing efforts and enhanced cooperation with regional operators – Rostelecom's agents.

Advanced solutions for corporate clients

- ✓ Development and promotion of new, unregulated, services (intelligent network services, IP VPN and Internet services).
- ✓ Launch of bundled packages (DLD/ILD, local telephone, data transmission services).

Operators' market

- ✓ Active promotion of wholesale Internet services and mobile operators' traffic transit services.
- ✓ Continually capitalize on Rostelecom's strong position in the international market.

Further operational efficiency enhancement

- ✓ Streamline network maintenance costs.
- ✓ Optimize business processes and organizational structure.
- ✓ Carefully control expenses related to customer service.

Rostelecom's key objectives:

- Securing the Company's solid position in traditional telecom segments
- Diversifying business by actively expanding in the new services markets

APPENDIX – 1:

Financials

2007 FY IFRS Financial Highlights

RUB mln	2007	2006	Change, %
<i>Telephone traffic</i>	50,000	49,121	1.8
DLD	31,973	31,370	1.9
Outgoing ILD	12,317	13,271	-7.2
Incoming ILD (termination and transit)	5,710	4,480	27.5
Leased line services	7,725	7,116	8.6
Other	6,877	5,322	29.2
Total revenue	64,602	61,559	4.9
Operating expenses before depreciation, loss on disposal of PP&E and impairment of goodwill and other intangible assets	(53,492)	(51,235)	4.4
OIBDA	11,110	10,325	7.6
OIBDA margin, %	17.2	16.8	n.a.
Depreciation	(7,613)	(8,418)	-9.6
Loss on sale of property, plant and equipment	(197)	(601)	-95.2
Impairment of goodwill and other intangible assets	(271)	-	n.a.
Total operating expenses	(61,573)	(60,254)	2.2
Operating profit	3,029	1,305	132.1
Gain / (loss) from associates	156	19	721.1
Other income (incl. net result from financial activities)	815	1,119	-27.2
Profit before tax	4,000	2,443	63.7
Income tax expense	(1,194)	(987)	21.0
Net profit	2,806	1,456	92.7

Condensed Consolidated Balance Sheet

RUB mln	Dec. 31, 2007	Dec. 31, 2006	Change, %
Non-current assets	53,586	48,110	11.4
Current assets	19,858	20,388	-2.6
Accounts receivable, net	8,429	8,821	-4.4
Short-term investments	6,920	8,496	-18.5
Cash and cash equivalents	3,284	2,353	39.6
Total assets	70,444	68,498	7.2
Total equity	56,153	50,945	10.2
Non-current liabilities	4,956	4,857	2.0
Borrowings, net of current portion	172	298	-42.3
Deferred tax liability	4,119	3,444	19.6
Current liabilities	12,335	12,696	-2.8
Accounts payable, provisions and accrued expenses	7,445	7,372	1.0
Current portion of long-term borrowings	2,585	3,005	-14.0
Total liabilities	17,291	17,553	-1.5
Total equity and liabilities	70,444	68,498	7.2

	6mo 2008	6mo 2007	Change, %
Million minutes			
Domestic long-distance traffic	5,007	5,051	-0.9
Outgoing international traffic	936	964	-2.8
Incoming international traffic	1,544	1,411	9.4
RUB million			
Revenue	30,587	30,743	-0.5
Operating expenses, incl.	(24,272)	(25,305)	-4.1
Depreciation	(2,139)	(1,873)	14.2
OIBDA	8,454	7,311	15.6
OIBDA margin, %	27.6	23.8	n.a.
Operating profit	6,315	5,438	16.1
Other gains & losses, incl.	311	833	-62.7
Profit (loss) from revaluation of financial investments	(237)	827	n.a.
Profit before tax	6,626	6,271	5.7
Profit tax	(1,642)	(1,580)	4.0
Net profit	4,984	4,691	6.2

A P P E N D I X – 2:

New system of interaction with Russian operators and subscribers for the provision of domestic and international long-distance services effective from January 1, 2006

Evolving Rostelecom's Business Model to Seize Opportunities in Liberalized Market Environment

Getting direct access to end-users across Russia from January 1, 2006 :

	Until 2006	From 2006
Main contributor to top-line	LD traffic transit services to operators	LD calls provision to subscribers of local network operators
Revenue recognition	Transit and termination rate from operators The whole amount of end-user tariff in Moscow	The whole amount of end-user tariff across Russia
Billing and customer service	<ul style="list-style-type: none"> • B2B (in-house) • B2C in Moscow (in-house) 	<ul style="list-style-type: none"> • B2B (in-house) • B2C in Moscow (in-house) • B2C (outsourced in regions)

New interaction system effective from January 1, 2006 – expanded customer base and change in traffic split

Rostelecom's market presence:
 until 2006: primarily wholesale LD operator → from 2006: major Russian LD retail operator

End-users market	<ul style="list-style-type: none"> • Provider of DLD and ILD services to Moscow subscribers only • Provider of channel capacity to Russian corporate clients 	<ul style="list-style-type: none"> • Provider of DLD and ILD services to subscribers of local network operators throughout Russia • Provider of channel capacity to Russian corporate clients
Russian operators' market	<ul style="list-style-type: none"> • Primarily provider of DLD and outgoing ILD traffic transit service to operators • Provider of channel capacity to operators 	<ul style="list-style-type: none"> • Provider of traffic transit services to operators • Provider of channel capacity to operators
International operators' market	Provider of incoming ILD traffic transit and termination, non-switched international traffic transit services and channel capacity	
Other markets	Provider of intelligent network services, data transmission services, customer equipment servicing (third party telecom equipment & facilities support and maintenance) etc.	

New Interaction System Effects on Rostelecom's Profit & Loss Statement

Upward effect on revenues

- ✓ Rostelecom recognizes as revenue the total amount of the end-user tariff
- ✓ Changes in revenue composition: decrease in revenues from local operators and increase in revenues from subscribers

Upward effect on operating expenses

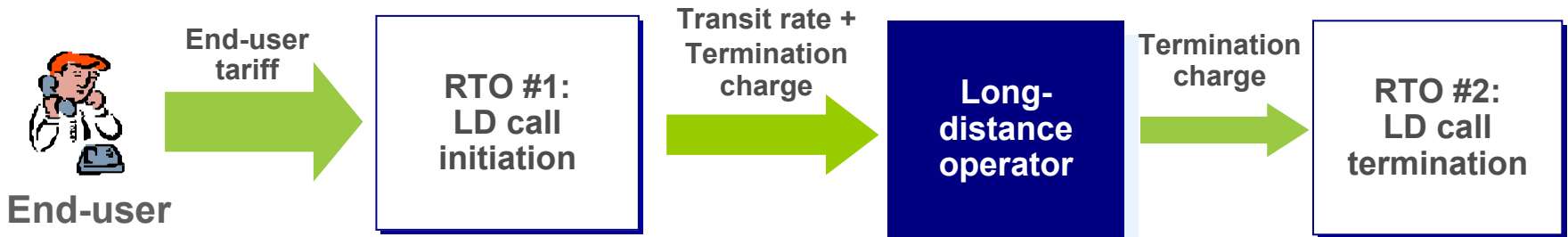
- ✓ Rostelecom's payments to local operators increase:
 - initiation charge
 - termination charge
 - additional service charges to local operators
- ✓ Additional tax expense in the form of the Universal Service Fund tax (1.2% of revenues, collected from subscribers for LD services)

Effect on margins

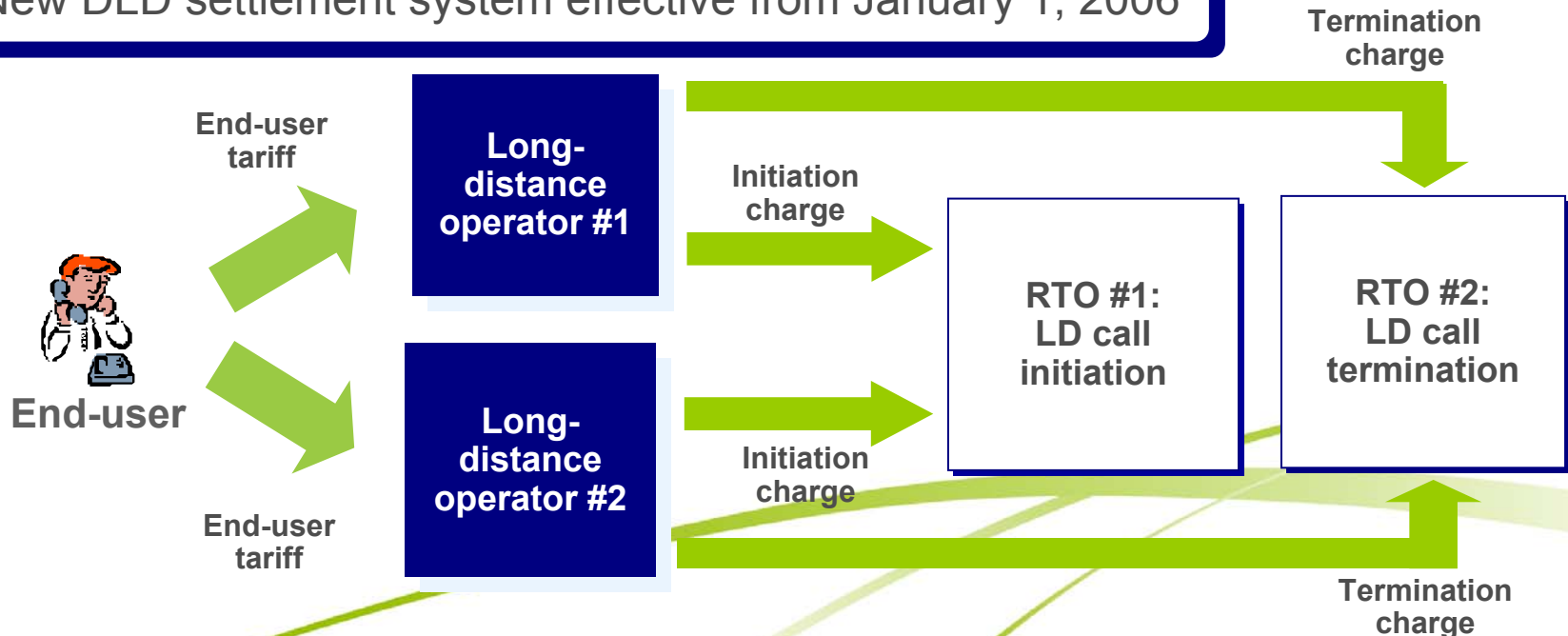
- ✓ Negative effect on EBITDA (OIBDA) margin

Main Effect of the New Interaction System – Direct Revenue Recognition from End-Users

Old DLD settlement system

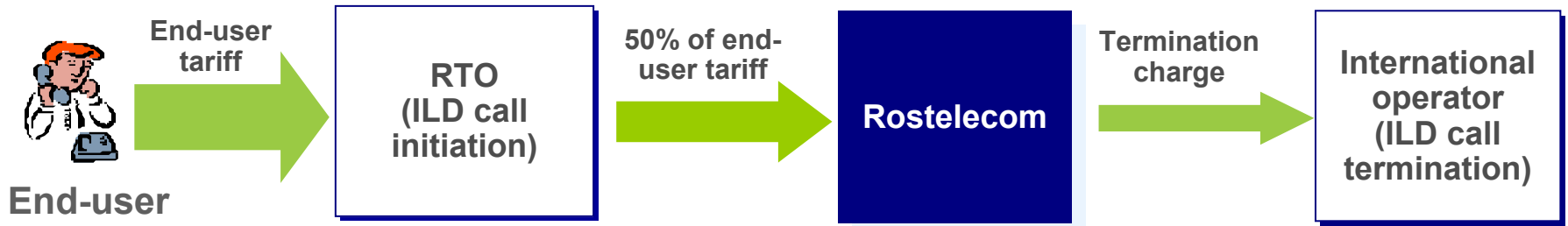


New DLD settlement system effective from January 1, 2006



Old settlement system

International LD services to Russian end-users

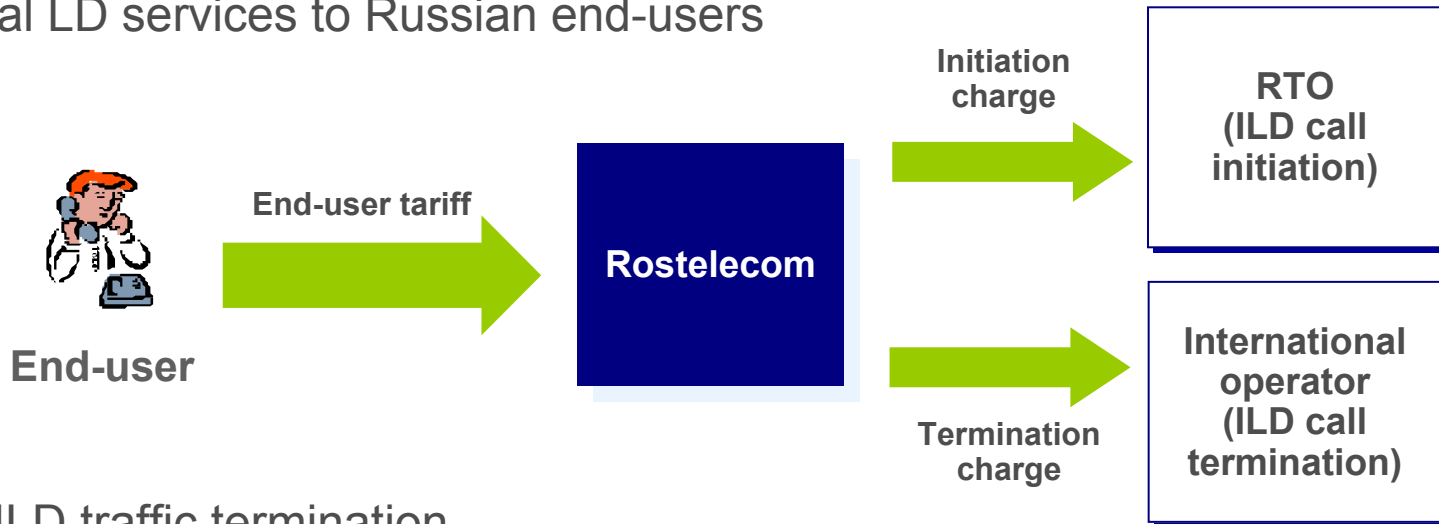


Incoming ILD traffic termination



New settlement system

International LD services to Russian end-users



Incoming ILD traffic termination



- **Listings:**

NYSE, RTS, MICEX

- **Free float:**

62% (49% ORD and 100% PREF)

- **Market capitalization:**

USD 9.01 billion

- **Recent stock price (04/08/2008):**

ORD: USD 11.91 (52 WK HI/LO: USD 12.49 / 9.25)

PREF: USD 1.64 (52 WK HI/LO: USD 3.25 / 1.59)

ADR: USD 71.75 (52 WK HI/LO: USD 74.99 / 55.50)

- **2007 Dividend yield**

0.7% (ORD) / 5.5% (PREF)

- **Dividend policy**

PREF: 10% of the full financial year net profit under RAS

ORD: recommended by the Board of Directors

- ✓ “BB-” credit rating from S&P, outlook positive
- ✓ Corporate Governance Code and Code of Ethics in place
- ✓ IFRS reporting

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