
**ROSTELECOM REPORTS REVENUE GROWTH
OF 49.0% TO RUR 60,033.1 MILLION FOR THE FULL YEAR 2006**

- *Audited 2006 full year revenue increased by 49.0% to RUR 60,033.1 million.*
- *Domestic long-distance traffic rose 3.4%¹ year on year. Outgoing international traffic grew by 9.2% and incoming international traffic increased 31.2%.*
- *EBITDA² decreased to RUR 11,045.3 million compared to RUR 14,587.7 in 2005, representing an EBITDA margin of 18.4%, due to significantly higher payments to operators under the new interaction system.*
- *Net profit was RUR 7,185.1 million for 2006 compared to RUR 9,027.9 million in 2005.*

Moscow – April 5, 2007 – Rostelecom (NYSE: ROS; RTS, MICEX: RTKM, RTKMP), Russia's national long-distance telecommunications operator, today announced audited 2006 full year results in accordance with Russian accounting legislation (RAS).

"Rostelecom's 2006 financial and operational performance demonstrates the soundness of the Company's strategy in the new market environment, as we continue to strengthen our competitive position in each business segment," Rostelecom's CEO Dmitry Yerokhin commented. "We delivered healthy increases in domestic and outgoing international long-distance traffic from Russian customers, incoming traffic from international operators as well as revenues from leased line and intelligent network services.

In 2007, management's key objective is to ensure the Company's continued success under the new Russian telecommunications market model. Our near-term priorities are to reinforce Rostelecom's leading position in the traditional long-distance voice market and to remain at the forefront in developing the most advanced service offerings for Russian customers."

In total, Rostelecom's revenues for 2006 amounted to RUR 60,033.1 million - a year-on-year increase of 49.0%. The increase is primarily attributable to higher DLD and outgoing ILD revenues as a result of the transition to the new system of interaction with Russian operators and subscribers for the provision of domestic and international long-distance services, which came into effect on January 1, 2006.

Domestic long-distance (DLD) traffic increased by 3.4% in 2006 to 9,662.3 million minutes. 2006 full year DLD revenues grew by 76.7% and totaled RUR 31,827.8 million.

Outgoing international long-distance (ILD) traffic rose 9.2% to 1,932.7 million minutes. ILD revenues from Russian operators and subscribers increased by 42.8% over 2005 and totaled RUR 13,231.0 million.

2006 incoming ILD traffic totaled 2,460.7 million minutes - a year-on-year increase of 31.2%. Rostelecom increased its share of incoming international traffic, underscoring the strength of the Company's market position. Revenues from international operators for incoming ILD traffic transit and termination rose 8.4% year on year to RUR 4,424.4 million.

¹ All traffic data provided in this press release is preliminary.

² EBITDA is calculated as total revenues less operating expense excluding depreciation.

Revenue from other business segments increased by 18.2% compared to 2005 to RUR 10,549.9 million, reflecting the growth of new products and services. Rostelecom delivered solid increases in revenues from leased lines, intelligent network services and customer equipment servicing. 2006 revenues from leased line services grew 17.7% year on year and amounted to RUR 7,116.0.

Rostelecom's operating expenses for the accounting period amounted to RUR 52,246.9 million. The 84.4% increase compared to 2005 was driven mainly by higher payments to Russian operators which increased by a factor of 3 times primarily as a result of the new interaction system.

Depreciation for the full year 2006 amounted to RUR 3,259.1 million. The 24.1% increase over the last year is a result of significant additions of property, plant and equipment in 2005.

As a result of higher operating costs, EBITDA for 2006 totaled RUR 11,045.3 million down 24.3% year on year, representing an EBITDA margin of 18.4%.

2006 full year operating profit amounted to RUR 7,786.2 million, down 34.9% compared to 2005.

The result from other activities for 2006 totaled RUR 2,108.8 million compared to RUR 199.0 million a year ago. The increase is mainly driven by a revaluation of the Company's financial investments - Rostelecom recorded a RUR 2,376.8 million net revaluation gain in 2006 compared to RUR 258.6 million net revaluation gain for the previous year.

Rostelecom's 2006 full year net profit totaled RUR 7,185.1 million compared to RUR 9,027.9 million a year ago.

Profit and Loss Statement, RUR million			
	2006	2005	% change, y-o-y
Revenue	60,033.1	40,291.7	49.0%
Operating expenses	(52,246.9)	(28,330.6)	84.4%
Depreciation	(3,259.1)	(2,626.5)	24.1%
EBITDA	11,045.3	14,587.7	-24.3%
Operating profit	7,786.2	11,961.1	-34.9%
Results from other activities	2,108.8	199.0 ¹	<i>by a factor of 10.6</i>
<i>Profit (loss) from revaluation of financial investments</i>	<i>2 376,8</i>	<i>258.6</i>	<i>by a factor of 9.2</i>
<i>Bad debt recovery (expense)</i>	<i>-139,9</i>	<i>111.4</i>	<i>n/a</i>
Profit before tax	9,895.0	12,160.1²	-18.6%
Profit tax	(2,709.9)	(3,132.2)	-13.5%
Net profit	7,185.1	9,027.9	-20.4%
Key ratios			
	2006	2005	
Operating margin, %	13.0%	29.7%	
EBITDA margin, %	18.4%	36.2%	
Net margin, %	12.0%	22.4%	

¹ To ensure comparability of data for 2005 and 2006, other operating revenues and expenses, other non-operating revenues and expenses as well as extraordinary items for 2005 are included in the results from other activities.

² 2005 FY profit before tax has been restated due to inclusion of extraordinary gains into other income and expenses as required by changes in the Russian accounting legislation.

Balance Sheet, RUR million			
	Jan. 01, 2006	Dec. 31, 2006	% change, y-o-y
ASSETS			
Non-current assets, incl.	30,361.8¹	38,555.1	27.0%
Intangible assets	0.0	0.0	n/a
Fixed assets	19,477.8	21,177.7	8.7%
Construction in progress	4,603.3	5,925.3	28.7%
Long-term financial investments	3,888.1	7,809.1	100.8%
Deferred tax assets	-	-	n/a
Other non-current assets	2,392.6 ¹	3,643.0	52.3%
Current assets, incl.	22,546.9¹	21,954.6	-2.6%
Inventory	718.4 ¹	472.9	-34.2%
VAT on obtained property	1,289.0	666.7	-48.3%
Accounts receivable	6,216.2	10,469.6	68.4%
Short-term financial investments	12,232.2	9,269.2	-24.2%
Cash and cash equivalents	2,090.9	1,076.0	-48.5%
Other current assets	0.2	0.2	0.0%
BALANCE	52,908.7	60,509.7	14.4%
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	39,084.1	44,108.9	12.9%
Liabilities, incl.	13,824.6	16,400.8	18.6%
Long-term liabilities	6,306.1	6,172.5	-2.1%
<i>Loans due more than in 12 months</i>	<i>5,542.6</i>	<i>4,711.2</i>	<i>-15.0%</i>
Short-term liabilities	7,518.5	10,228.3	36.0%
<i>Loans due less than in 12 months</i>	<i>711.7</i>	<i>580.8</i>	<i>-18.4%</i>
BALANCE	52,908.7	60,509.7	14.4%

¹ To ensure comparability of data deferred expenses have been reclassified between short-term and long-term.

Certain statements in this press release 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.

These 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 include the risk of changes the Company’s operations and business prospects, the general financial and economic circumstances, relating to regulation of the Russian telecommunications industry and the Russian legislation; the competition and other risks.

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, the Company cautions 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 to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as maybe required under applicable the U.S. federal securities laws.

For further details please contact

Rostelecom IR Team

Tel.: + 7 499 973 9920

Fax: + 7 499 973 9977

E-mail: rostelecom@rostelecom.ru