
ROSTELECOM REPORTS FULL YEAR 2008 RAS OPERATING PROFIT
GROWTH OF 25.5%; OIBDA MARGIN OF 22.6%

- *Audited 2008 full year revenue amounted to RUB 63,201.7 million;*
- *Outgoing international traffic grew by 11.2% year on year, whilst incoming international traffic increased by 8.0% year on year;*
- *Revenues from data transmission and telematic services increased dramatically by 3.2 times year on year to RUB 3,117.1 million;*
- *OIBDA¹ rose by 19.7% year on year to RUB 14,312.8 million, representing an OIBDA margin of 22.6%;*
- *Net profit for 2008 amounted to RUB 7,072.0 million.*

Moscow – April 2, 2009 – Rostelecom (NYSE: ROS; RTS, MICEX: RTKM, RTKMP), Russia's national telecommunications operator, today announced its audited full year 2008 results in accordance with the Russian Accounting Standards (RAS).

Rostelecom's revenues for 2008 increased by 1.0% year on year and totaled RUB 63,201.7 million despite the negative influence of the financial crisis in the fourth quarter of 2008.

Under the changes in the fixed-line market structure, among other things attributable to the migration of DLD traffic from fixed-line to mobile networks, in order to provide customers with competitive tariffs the Company follows a flexible pricing policy resulting in maintaining DLD traffic volume along with the decrease in DLD revenues.

Domestic long-distance (DLD) traffic grew slightly year on year to 10,229.2 million minutes. 2008 full year DLD revenues totaled RUB 29,564.6 million.

Outgoing international long-distance (ILD) traffic rose 11.2% year on year to 2,024.1 million minutes. ILD revenues from Russian operators and subscribers amounted to RUB 12,084.5 million.

2008 incoming ILD traffic totaled 3,305.7 million minutes representing a year-on-year increase of 8.0%. Rostelecom continues to leverage its strong market position and has continued to increase its share of the incoming international traffic. Revenues from international operators for incoming ILD traffic transit and termination rose 12.9% year on year to RUB 6,451.8 million.

As Rostelecom continues to diversify its business, innovative services are substantially increasing their share of the Company's total revenues in comparison to the traditional services provided by the Company.

Revenues from data transmission and telematic services saw a dramatic threefold increase of 3.2 times in 2008 compared to 2007, totaling RUB 3,117.1 million, while revenues from intelligent network services (INS) rose to RUB 1,212.4 million representing a year-on-year increase of 13.0%.

¹ OIBDA is calculated as total revenues less operating expenses excluding depreciation.

Overall, Rostelecom's 2008 revenues from new and value-added services, including data, leased lines, INS and customer equipment servicing among others, increased by 20.8% year on year to RUB 15,100.8 million.

Rostelecom's operating expenses for the accounting period amounted to RUB 53,066.8 million representing a year-on-year decrease of 2.6%.

Depreciation for the full year 2008 amounted to RUB 4,117.9 million. The 7.7% increase over the previous year is a result of property, plant and equipment additions during 2007.

OIBDA grew by 19.7% year on year to RUB 14,312.8 million, representing an OIBDA margin of 22.6%.

2008 full year operating profit amounted to RUB 10,134.9 million, up 25.5% year on year.

Other gains and losses for 2008 totaled RUB (576.3) million compared to RUB 4,517.0 million a year ago. There are a number of factors that this loss is attributable to, firstly, a reduction in the number of financial investments to be reevaluated following the sale of some financial investments during the first quarter of 2008. Additionally, negative market trends resulted in a decrease in the value for a number of companies that Rostelecom is invested in. Finally, the foreign exchange loss in the accounting period also impacted the overall results.

Therefore, Rostelecom's 2008 full year net profit amounted to RUB 7,072.0 million.

Profit and Loss Statement, RUB Million			
	2008	2007	% change, y-o-y
Revenue	63,201.7	62,588.2	1.0%
Operating expenses, incl.	(53,066.8)	(54,511.0)	-2.6%
<i>Depreciation</i>	(4,177.9)	(3,880.0)	7.7%
OIBDA	14,312.8	11,957.2	19.7%
Operating profit	10,134.9	8,077.2	25.5%
Other gains & losses, incl.	(576.3)	4,517.0	n/a
<i>Profit/ (loss) from revaluation of financial investments</i>	(669.1)	5,561.3	n/a
Profit before tax	9,558.6	12,594.2	-24.1%
Profit tax	(2,486.6)	(3,170.3)	-21.6%
Net Profit	7,072.0	9,423.9	-25.0%
Key ratios			
	2008	2007	
Operating margin, %	16.0%	12.9%	
OIBDA margin, %	22.6%	19.1%	
Net margin, %	11.2%	15.1%	

Balance Sheet, RUB Million			
	Jan. 01, 08	Dec. 31, 08	% change, y-o-y
ASSETS			
Non-current assets, incl.	47,038.1	39,183.6	-16.7%
Intangible assets	0.0	0.4	n/a
Fixed assets	22,534.6	23,895.6	6.0%
Construction in progress	6,362.1	7,704.7	21.1%
Long-term financial investments	13,935.8	3,778.3	-72.9%
Deferred tax assets	-	-	n/a
Other non-current assets	4,205.6	3,804.6	-9.5%
Current assets, incl.	19,566.4	31,549.2	61.2%
Inventory	367.9	447.6	21.7%
VAT on obtained property	536.0	226.9	-57.7%
Accounts receivable	8,822.2	10,541.5	19.5%
Short-term financial investments	6,742.7	10,997.0	63.1%
Cash and cash equivalents	3,097.4	9,336.0	201.4%
Other current assets	0.2	0.2	0.0%
BALANCE	66,604.5	70,732.8	6.2%
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	51,668.4	56,380.8	9.1%
Liabilities, incl.	14,936.1	14,352.0	-3.9%
Long-term liabilities, incl.	6,481.1	4,437.6	-31.5%
<i>Loans due more than in 12 months</i>	4,044.3	3,822.8	-5.5%
Short-term liabilities, incl.	8,455.0	9,914.4	17.3%
<i>Loans due less than in 12 months</i>	515.9	564.0	9.3 %
BALANCE	66,604.5	70,732.8	6.2%

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.

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.

For further details please contact

Rostelecom PR & IR Department

Tel.: + 7 499 973 9920

Fax: + 7 499 972 8222

e-mail: rostelecom@rostelecom.ru