
ROSTELECOM DELIVERS FURTHER SOLID GROWTH IN RAS REVENUES AND PROFITS FOR THE FIRST NINE MONTHS OF 2005

REVENUES INCREASED BY 7.7%, NET PROFIT UP 19.0%

- Revenue for the first nine months of 2005 amounted to RUR 29,762.2 million - a year-on-year increase of 7.7%.
- Domestic long-distance traffic rose 5.4%¹ year on year. Outgoing international traffic grew by 13.1% and incoming international traffic increased by 13.6%².
- EBITDA³ for the first nine months of 2005 rose 5.1% to RUR 11,618.6 million, representing an EBITDA margin of 39.0%.
- Net profit for the first nine months of 2005 amounted to RUR 7,843.8 million, a year-on-year increase of 19.0%.

Moscow – November 2, 2005 – Rostelecom (NYSE: ROS; RTS, MICEX: RTKM, RTKMP), Russia's national long-distance telecommunications operator, today announced unaudited results for the first nine months of 2005 in accordance with Russian accounting legislation (RAS).

In total, Rostelecom's revenues for the first nine months of 2005 amounted to RUR 29,762.2 million – a year-on-year increase of 7.7%.

Domestic long-distance (DLD) traffic for the first nine months of 2005 totaled 7,034.4 million minutes - a 5.4% increase compared to the same period a year ago. First nine months 2005 DLD revenues grew by 4.3% year on year to RUR 13,348.9 million.

Outgoing international long-distance (ILD) traffic rose 13.1% to 1,291.0 million minutes. ILD revenues from both Russian operators and subscribers for the first nine months of 2005 totaled RUR 6,921.0 million – a 3.8% increase over the same period last year.

Incoming ILD traffic grew 13.6% year-on-year to 1,218.8 million minutes. Revenues from international operators for incoming ILD traffic termination decreased by 2.3% to RUR 3,084.9 million.

Total revenues from Moscow subscribers decreased 8.4% in the first nine months of 2005. The total amount of long distance traffic from Moscow subscribers was down 5.8% compared to the same period last year.

Rostelecom's operating expenses for the accounting period amounted to RUR 20,079.5 million. The 10.4% increase compared to the first nine months of 2004 is mainly due to increases in staff costs and higher payments to operators on the back of long-distance traffic growth.

Depreciation for the first three quarters of 2005 amounted to RUR 1,935.9 million. The increase of 21.8% compared to the same period last year is a result of significant additions of property, plant and equipment in 2004.

Thus, EBITDA for the first nine months of 2005 grew 5.1% year on year to RUR 11,618.6 million, representing an EBITDA margin of 39.0%.

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

² Incoming ILD traffic for the first nine months of 2004 has been revised.

³ EBITDA is calculated as total revenues less operating costs excluding depreciation.

Operating profit grew by 2.3% over the first nine months of 2004 and totaled RUR 9,682.8 million.

The result from other operating activities for the first nine months of 2005 totaled RUR 1,418.6 million compared to RUR (295.3) million a year ago. This improvement is mainly due to the positive effect of the revaluation of the Company's financial investments and a sharp increase in gains on the sale of investments. Rostelecom recorded a RUR 780.5 million net revaluation gain in the first three quarters of 2005 compared to a RUR 89.9 million gain a year ago. Rostelecom recorded a RUR 298.2 million gain on the sale of investments in the first nine months of 2005 – reflecting the sale of Rostelecom's interest in Telmos and a gain from the sale of bonds of the Ministry of Finance – compared to RUR 34.4 million for the first nine months of 2004. In addition, net interest income for the first nine months of 2005 totaled RUR 420.9 million, compared to RUR 142.7 million a year ago.

The result from other non-revenue activities for the first nine months of 2005 amounted to RUR (579.2) million compared to RUR (398.0) million a year ago.

Rostelecom's net profit for the first nine months of 2005 totaled RUR 7,843.8 million - a year-on-year increase of 19.0% - raising the net margin to 26.4%.

| Profit and Loss Statement, RUR million | | | |
|---|-------------------|-------------------|---------------------------|
| | 9mo 2005 | 9mo 2004 | % change, y-o-y |
| Revenue | 29,762.2 | 27,645.4 | 7.7% |
| Operating expenses | (20,079.5) | (18,179.8) | 10.4% |
| Depreciation | (1,935.9) | (1,589.3) | 21.8% |
| EBITDA | 11,618.6 | 11,054.8 | 5.1% |
| Operating profit | 9,682.8 | 9,465.6 | 2.3% |
| Results from other operating activities | 1,418.6 | (295.3) | n/a |
| <i>Profit from revaluation of financial investments</i> | 780.5 | 89.9 | <i>by a factor of 8.7</i> |
| <i>Net income from the sale of investments</i> | 298.2 | 34.4 | <i>by a factor of 8.7</i> |
| Results from other non-sales activities | (579.2) | (398.0) | 45.5% |
| Profit before tax | 10,522.1 | 8,772.3 | 19.9% |
| Profit tax | (2,678.7) | (2,181.5) | 22.8% |
| Extraordinary items | 0.3 | (0.1) | n/a |
| Net Profit | 7,843.8 | 6,590.7 | 19.0% |
| Key ratios | | | |
| | 9mo 2005 | 9mo 2004 | |
| Operating margin, % | 32.5% | 34.2% | |
| EBITDA margin, % | 39.0% | 40.0% | |
| Net margin, % | 26.4% | 23.8% | |

| Balance Sheet, RUR million | | | |
|---|-----------------|-----------------|---------------------|
| | Jan. 01, 2005 | Sep. 30, 2005 | % change, y-o-y |
| ASSETS | | | |
| Non-current assets, incl. | 26,342.4 | 29,594.6 | 12.3% |
| Intangible assets | 0.0 | 0.0 | n/a |
| Fixed assets | 18,109.8 | 17,871.9 | -1.3% |
| Construction in progress | 2,981.2 | 5,270.9 | 76.8% |
| Long-term financial investments | 3,727.9 | 4,610.4 | 23.7% |
| Deferred tax assets | 0.0 | 0.0 | n/a |
| Other non-current assets | 1,523.4 | 1,841.5 | 20.9% |
| Current assets, incl. | 18,253.7 | 20,983.7 | 15.0% |
| Inventory | 798.0 | 883.8 | 10.7% |
| VAT on obtained property | 1,540.0 | 1,135.6 | -26.3% |
| Accounts receivable | 6,755.2 | 7,015.0 | 3.8% |
| Short-term financial investments | 8,756.1 | 5,108.8 | -41.7% |
| Cash and cash equivalents | 404.2 | 6,840.4 | by a factor of 16.9 |
| Other current assets | 0.2 | 0.1 | -19.9% |
| BALANCE | 44,596.1 | 50,578.4 | 13.4% |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity | 32,010.9 | 37,966.5 | 18.6% |
| Liabilities, incl. | 12,585.2 | 12,611.9 | 0.2% |
| Long-term liabilities | 4,040.0 | 3,511.7 | -13.1% |
| <i>Loans due more than in 12 months</i> | <i>3,167.6</i> | <i>2,514.8</i> | <i>-20.6%</i> |
| Short-term liabilities | 8,545.2 | 9,100.2 | 6.5% |
| <i>Loans due less than in 12 months</i> | <i>1,286.5</i> | <i>1,231.8</i> | <i>-4.2%</i> |
| BALANCE | 44,596.1 | 50,578.4 | 13.4% |

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.

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