

Investor Meetings, December 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.

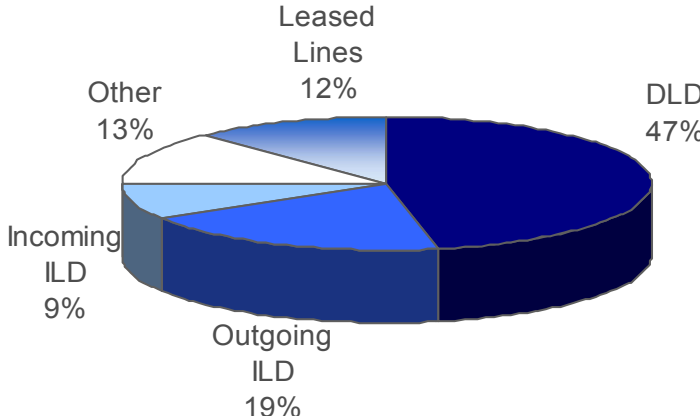
Those forward-looking statements include, but are not limited to:

- 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													
✓	Rostelecom primarily provides fixed-line DLD and ILD services to end-customers throughout Russia, diversifying business by expanding into new services													
✓	Rostelecom is a major provider of telecommunications services for state organizations and governmental agencies, television and radio broadcasters	<p data-bbox="1309 478 1799 506">Revenue breakdown by service*</p>  <table border="1" data-bbox="1180 621 1875 1035"> <caption>Revenue Breakdown by Service</caption> <thead> <tr> <th>Service</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>DLD</td> <td>47%</td> </tr> <tr> <td>Outgoing ILD</td> <td>19%</td> </tr> <tr> <td>Other</td> <td>13%</td> </tr> <tr> <td>Incoming ILD</td> <td>9%</td> </tr> <tr> <td>Leased Lines</td> <td>12%</td> </tr> </tbody> </table>	Service	Percentage	DLD	47%	Outgoing ILD	19%	Other	13%	Incoming ILD	9%	Leased Lines	12%
Service	Percentage													
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✓	51% of voting shares owned by the state controlled holding company Svyazinvest													
✓	Shares traded on NYSE, LSE, FWB, RTS, MICEX													
✓	Market capitalization: USD 5.27 billion													

* In accordance with HY 2008 IFRS results

Technologically Advanced Nationwide Network Underpins Rostelecom's Competitive Market Position

Developed backbone 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, Tokyo 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

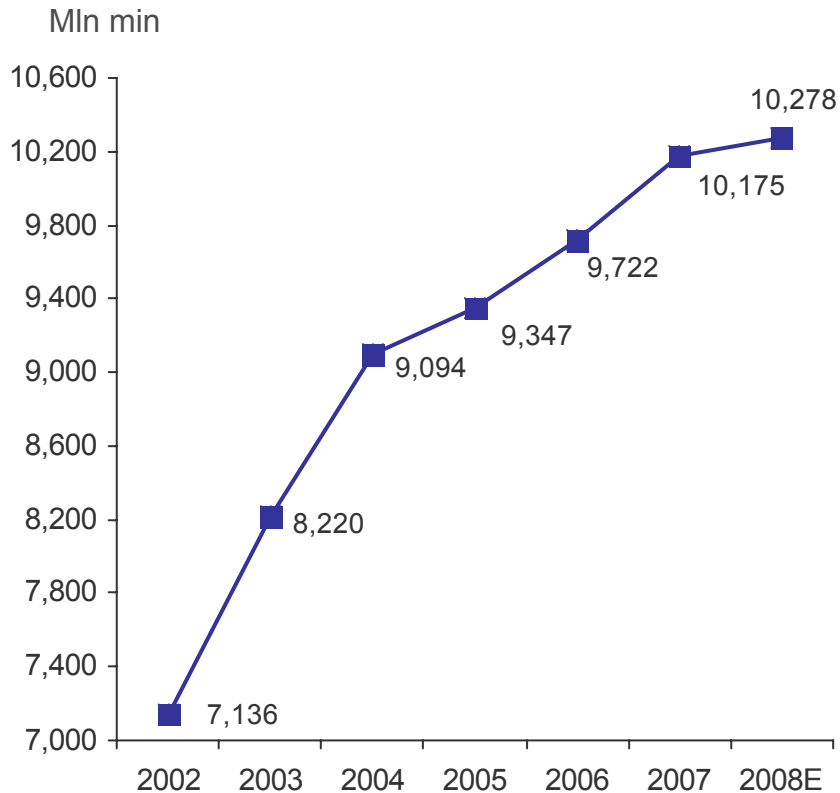
Low Repair & Maintenance expenses

High service recognition from operators and end-customers

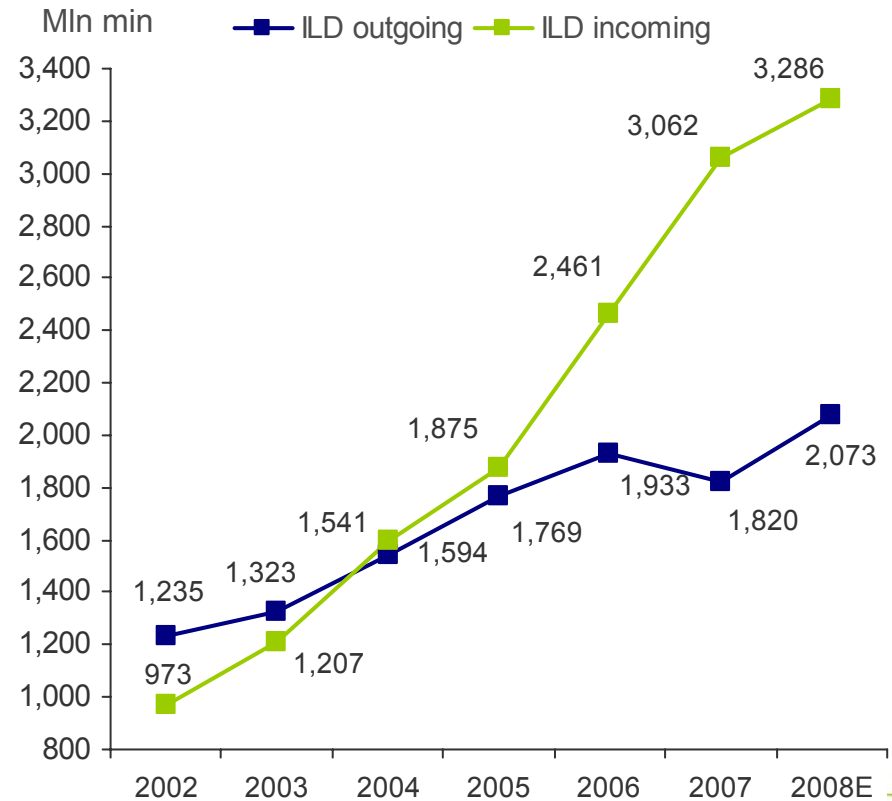
Competitive transit rates

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 1-3% p.a. over the next 2 – 3 years

✓ Incoming ILD traffic to grow 4-8% p.a., outgoing ILD at 1-2% 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"> Home country direct (HCD) Premium rate <i>To be launched:</i> Freephone
Corporate customers	<ul style="list-style-type: none"> DLD and ILD services Videoconferencing Audioconferencing Local telephone services <p><i>To be launched:</i></p> <ul style="list-style-type: none"> Additional premium services for local telephony (Voice&IP Centrex, etc.) 	<ul style="list-style-type: none"> Leased lines Internet access IP VPN Data Center services <p><i>To be launched:</i></p> <ul style="list-style-type: none"> Customer Premises Equipment (CPE) providing & maintenance 	<ul style="list-style-type: none"> Freephone, International Freephone (IFS) Premium rate Televoting
Operators	<ul style="list-style-type: none"> Traffic transit and termination services, incl. mobile transit IP transit 	<ul style="list-style-type: none"> Leased lines (Domestic PLC, International PLC; Europe-Asia transit /TEA/) Internet traffic transit <p><i>To be launched:</i></p> <ul style="list-style-type: none"> IP VPN 	

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 30-32%* share by the end of 2008 and 41% in 2013

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 Centers) 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.

* Includes consolidation of RTComm. RU

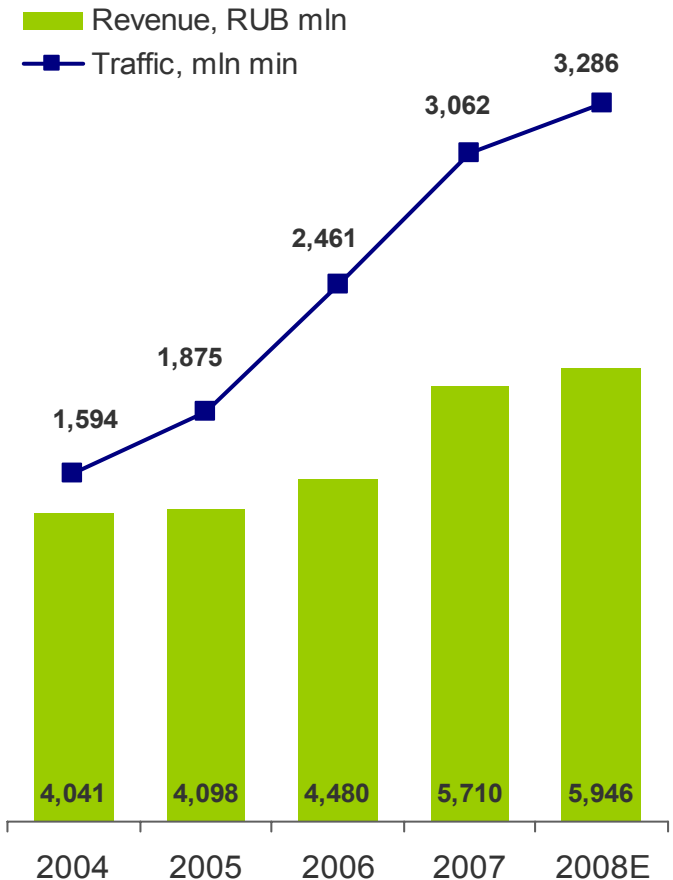
International Market: Stable Revenues on the Back of Sustained Traffic Growth

Solid relationships with international operators underpin Rostelecom's strong 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

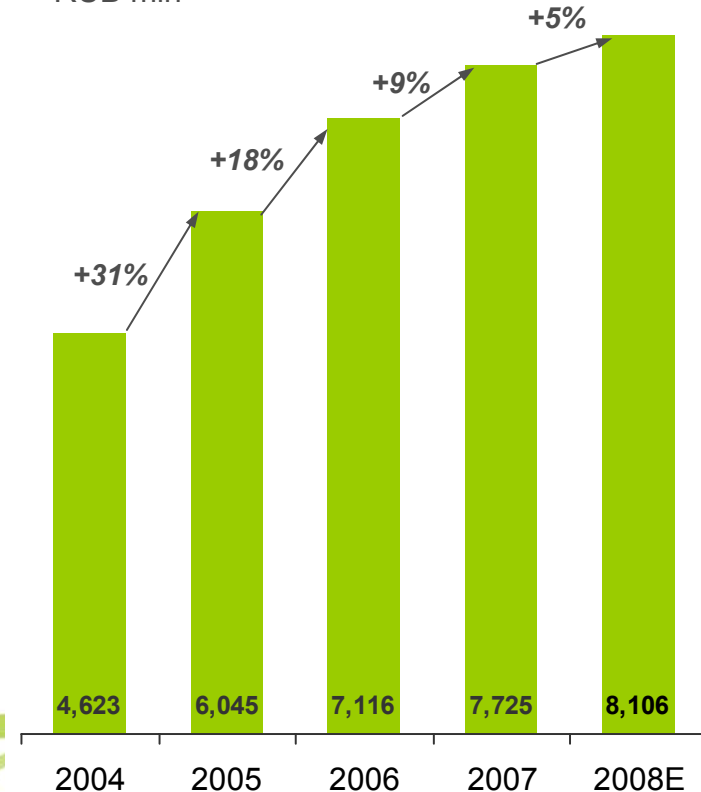
Continued demand, strong relationships with operators and businesses and an optimized tariff policy support steady revenue growth from leased line services

- ✓ Unique scale and capacity of Rostelecom's advanced nationwide network
- ✓ Ongoing demand for leased line services from operators and businesses across Russia
- ✓ Domestic & International Private Leased Circuits (IPLC&DPLC) 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



Revenue from leased line services

RUB mln



- ✓ Rostelecom enjoys sustained position in the leased line market
- ✓ Stable growth in revenues

Value Added Services: Catering to Corporate Customers' New Needs Creates Competitive Edge

✓ Effective promotion of existing while actively developing new Intelligent Network Services (INS):

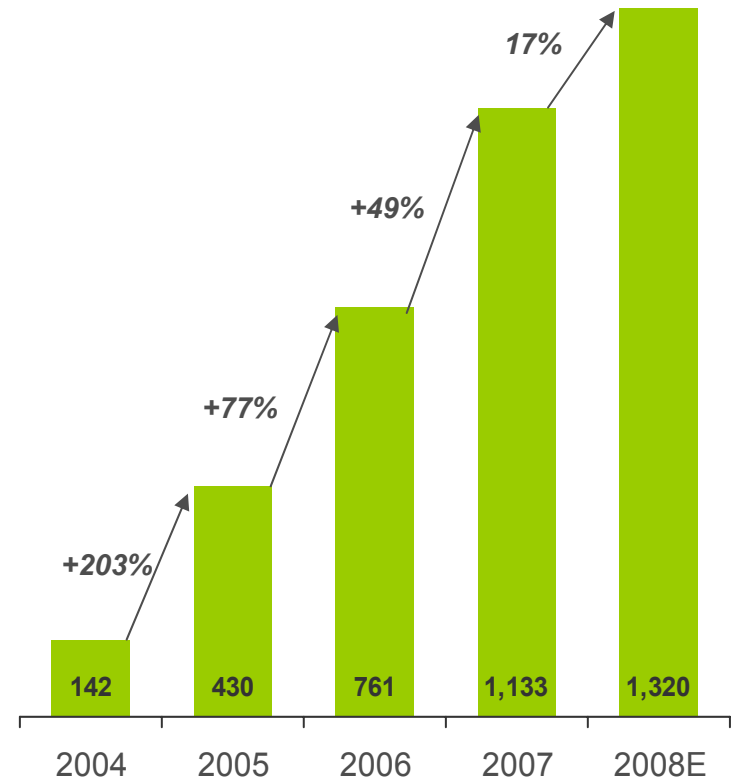
- Freephone
- International Freephone Services (IFS)
- Premium rate
- Televoting

✓ Rostelecom – competitive player in the VAS market

✓ Strong growth in INS revenues

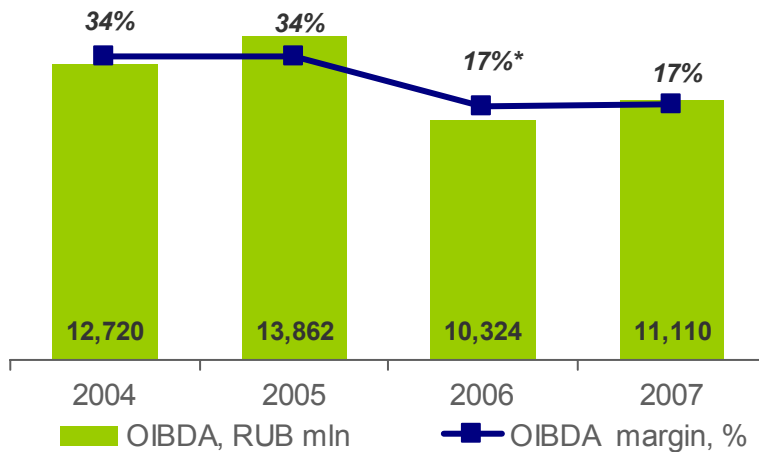
Revenue from Intelligent Network Services (INS)

RUB mln

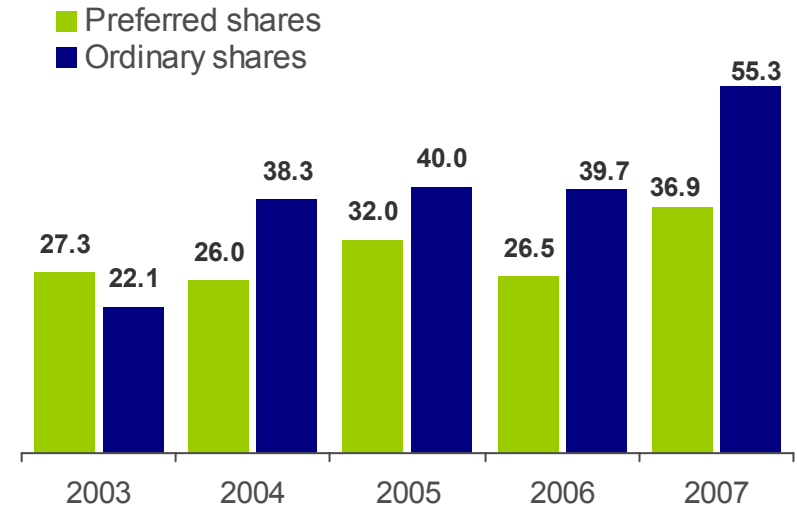


Stable Dividend Payments despite Impact of the New Interaction System

OIBDA and OIBDA margin



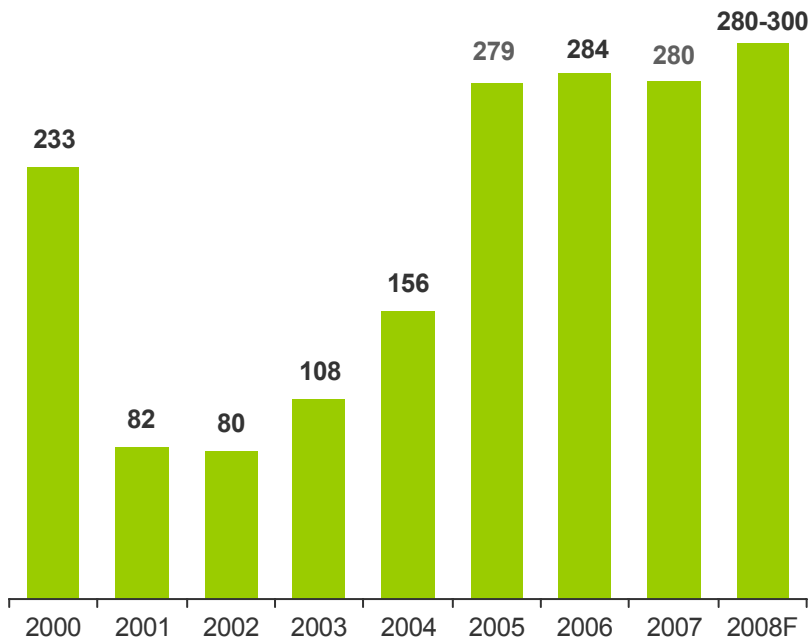
Dividends, USD million



**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

Construction of new fiber-optic lines

Secondary network modernization,
development of new services

Implementation of unified billing system

Building last mile infrastructure

Rostelecom Mission

TO HELP FOSTER THE ADVANCEMENT OF SOCIETY BY CONNECTING OUR CUSTOMERS ANYWHERE, AT ANY TIME THROUGH THE MOST ADVANCED, HIGHEST QUALITY TELECOMMUNICATIONS SERVICES.

Rostelecom Strategic Objective for 2009-2013

TO BECOME A SINGLE-SOURCE PROVIDER OF COMPREHENSIVE TELECOM AND INFOCOMMUNICATION SERVICES TO CUSTOMERS AND OPERATORS THROUGHOUT RUSSIA AND BEYOND.

Strategic Summary: Geographic Expansion and Innovation in Key Segments

Expand geographic presence:

- Infrastructure deployment, including access networks
- Partner programs

Develop new, innovative services and improve existing services:

- Product line expansion and service customization
- Create comprehensive system to improve customer service, support and enhance loyalty

Cooperate with Svyazinvest Intra-Regional Telecom Companies (IRCs):

- Minimize cross-competition: Complement IRC efforts – to increase the aggregate market share of Svyazinvest companies in the Russian telecom market

Residential segment

- Secure solid position in the retail DLD/ILD market
- Enter broadband market (ETTH, wireless broadband access) in target regions/cities
- Expand product offering through the development of innovative services

Small and Medium Businesses

- Expand the product portfolio
- Develop partnerships to sell services
- Consolidate position in the Moscow market
- Provide bundled packages through partnerships with IRCs

Federal Customers

- Provide comprehensive services from Svyazinvest companies (“One Stop Shop”)
- Participate in governmental projects
- Implement CRM system
- Expand the range of services

Operators

- Maintain leadership in the Russian wholesale telecom market
- Aggressively develop data transmission services, leveraging the acquisition of RTComm.RU
- Implement VNE model (Virtual Network Enabler)

International market

- Implement wholesale (voice & data transit, capacity lease) and retail (fixed-line voice, Internet & data, mobile services, INS, data centers, call-centers, etc.) strategies to capitalize on strong international market growth potential
- Priority regions – CIS; China, India, Japan; Europe, Middle East, Asia-Pacific

Organic growth

Mergers & Acquisitions

The strategy implementation will ensure significant growth of Rostelecom revenues and efficiency

	2007	2013	2013/07	CAGR, %
Consolidated revenue, billion rubles	64.6	160.8	2.5 x	16%
<ul style="list-style-type: none"> of which CIS countries account for 		37.8		
OIBDA, billion rubles	11.1	48.1	4.3 x	28%
<ul style="list-style-type: none"> OIBDA, % 	17.2%	30%		
Capital expenditures (CAPEX) 2009-2013, billion rubles	35.6			
M&A spendings 2009-2013, billion rubles	min-max / 30.0-46.7			

APPENDIX – 1:

Financials

2008 HY IFRS Financial Highlights

RUB mln	6mo 2008	6mo 2007	Change, %
<i>Telephone traffic</i>	23,287	24,955	-6.7
DLD	14,693	16,096	-8.7
Outgoing ILD	5,829	6,289	-7.3
Incoming ILD (termination and transit)	2,765	2,570	7.6
Leased line services	3,955	3,922	0.8
Other	4,157	2,865	45.1
Total revenue	31,399	31,742	-1.1
Operating expenses before depreciation, gain/loss on disposal of PP&E	(23,553)	(24,859)	-5.3
OIBDA	7,846	6,883	14.0
OIBDA margin, %	25.0	21.7	n.a.
Depreciation	(3,670)	(3,931)	-6.6
Gain/(Loss) on sale of property, plant and equipment	61	(22)	n.a.
Total operating expenses	(27,162)	(28,812)	-5.7
Operating profit	4,237	2,930	44.6
Gain / (loss) from associates	(22)	121	n.a.
Other income (incl. net result from financial activities)	9,030	406	by a factor of 22.2
Income before tax and minority interest	13,245	3,457	283.1
Income tax expense	(3,418)	(912)	274.8
Net income	9,827	2,545	286.1

Condensed Consolidated Balance Sheet

RUB mln	Jun. 30, 2008	Dec. 31, 2007	Change, %
Non-current assets, incl.	43,163	53,586	-19.5
Property, plant and equipment	37,794	38,480	-1.8
Current assets	33,011	19,858	66.2
Accounts receivable, net	9,799	8,429	16.3
Short-term investments	7,332	6,920	6.0
Cash and cash equivalents	12,806	3,284	290.0
Total assets	76,174	73,444	3.7
Total equity	57,343	56,153	2.1
Non-current liabilities	2,777	4,956	-44.0
Borrowings, net of current portion	71	172	-58.7
Deferred tax liability	1,965	4,119	-52.3
Current liabilities	16,054	12,335	30.2
Accounts payable, provisions and accrued expenses	10,986	7,445	47.6
Current portion of long-term borrowings	2,504	2,585	-3.1
Total liabilities	18,831	17,291	8.9
Total equity and liabilities	76,174	73,444	3.7
<i>Net debt*</i>	<i>-17,563</i>	<i>-7,447</i>	<i>135.8</i>

* Net debt is calculated as the sum of long-term loans (current & non-current portions) minus cash and cash equivalents and short-term investments

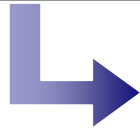
	9mo 2008	9mo 2007	Change, %
Million minutes			
Domestic long-distance traffic	7,514	7,499	0.2
Outgoing international traffic	1,511	1,416	6.7
Incoming international traffic	2,408	2,248	7.1
RUB million			
Revenue	46,414	46,542	-0.3
Operating expenses, incl.	(37,561)	(38,350)	-2.1
Depreciation	(3,214)	(2,853)	12.7
OIBDA	12,067	11,045	9.3
OIBDA margin, %	26.0	23.7	n.a.
Operating profit	8,853	8,192	8.1
Other gains & losses, incl.	412	3,525	-88.3
Profit (loss) from revaluation of financial investments	(489)	3,477	n.a.
Profit before tax	9,265	11,717	-20.9
Profit tax	(2,335)	(2,872)	-18.7
Net profit	6,930	8,845	-21.7

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 across Russia

The whole amount of end-user tariff in Moscow

Billing and customer service

- B2B (in-house)
- B2C in Moscow (in-house)

- 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

- Provider of DLD and ILD services to Moscow subscribers only
- Provider of channel capacity to Russian corporate clients

- 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

- Primarily provider of DLD and outgoing ILD traffic transit service to operators
- Provider of channel capacity to operators

- 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

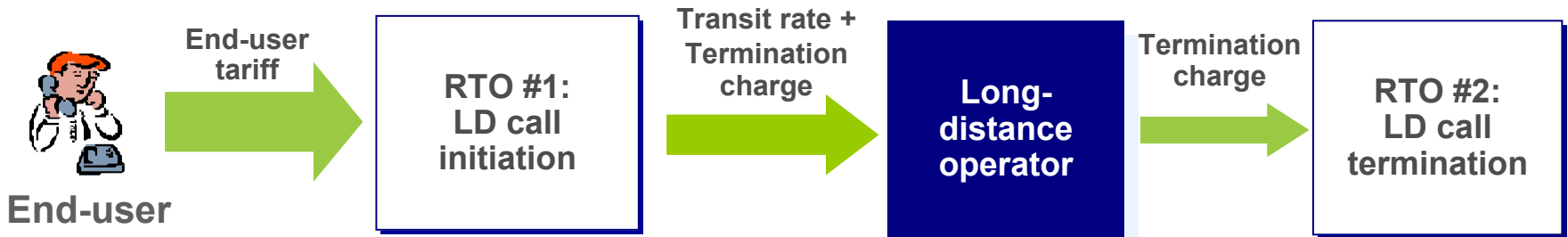
- ✓ Rostelecom's payments to local operators increase:
 - initiation charge
 - termination charge
 - additional service charges to local operators
- ✓ Additional tax expense in the form of the Universal Service Fund tax (1.2% of revenues, collected from subscribers for LD services)

Effect on margins

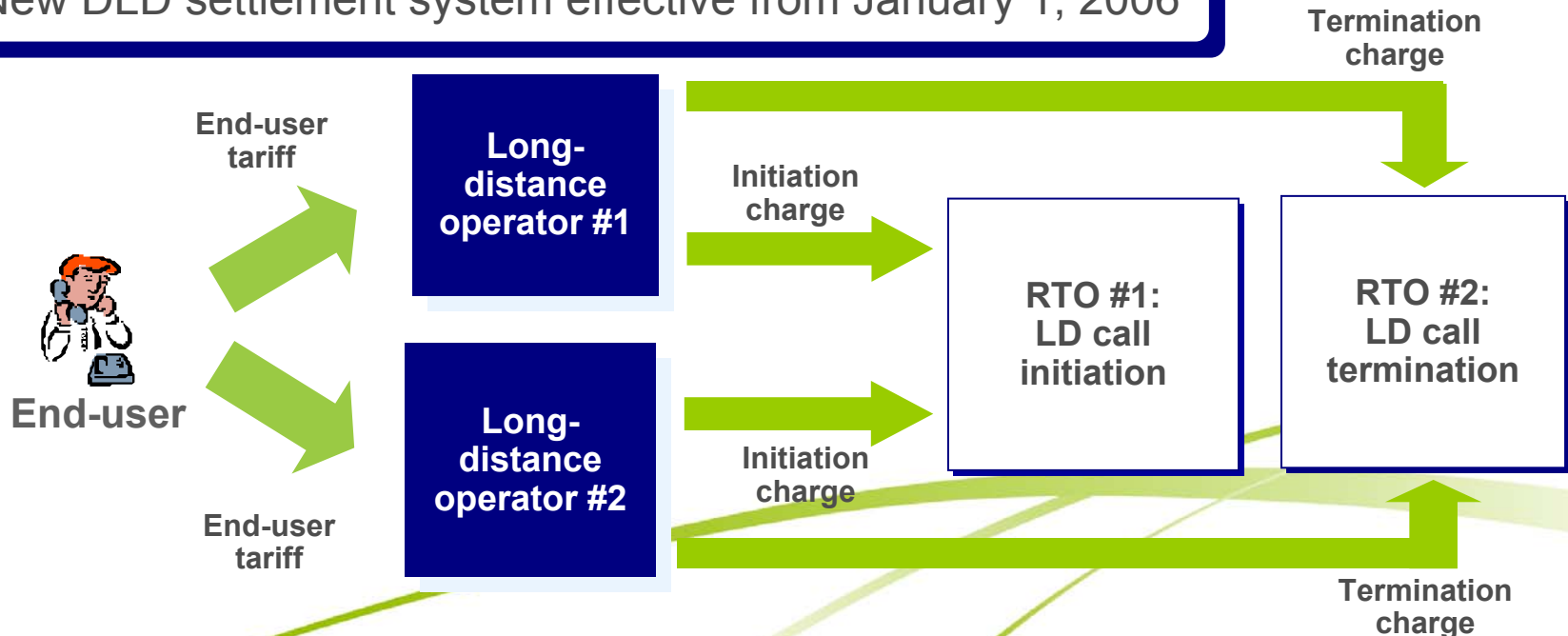
- ✓ Negative effect on EBITDA (OIBDA) margin

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

Old DLD settlement system

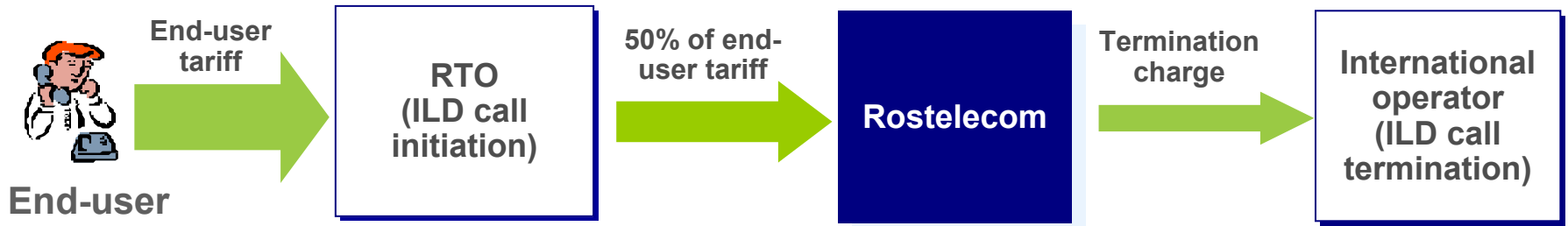


New DLD settlement system effective from January 1, 2006



Old settlement system

International LD services to Russian end-users

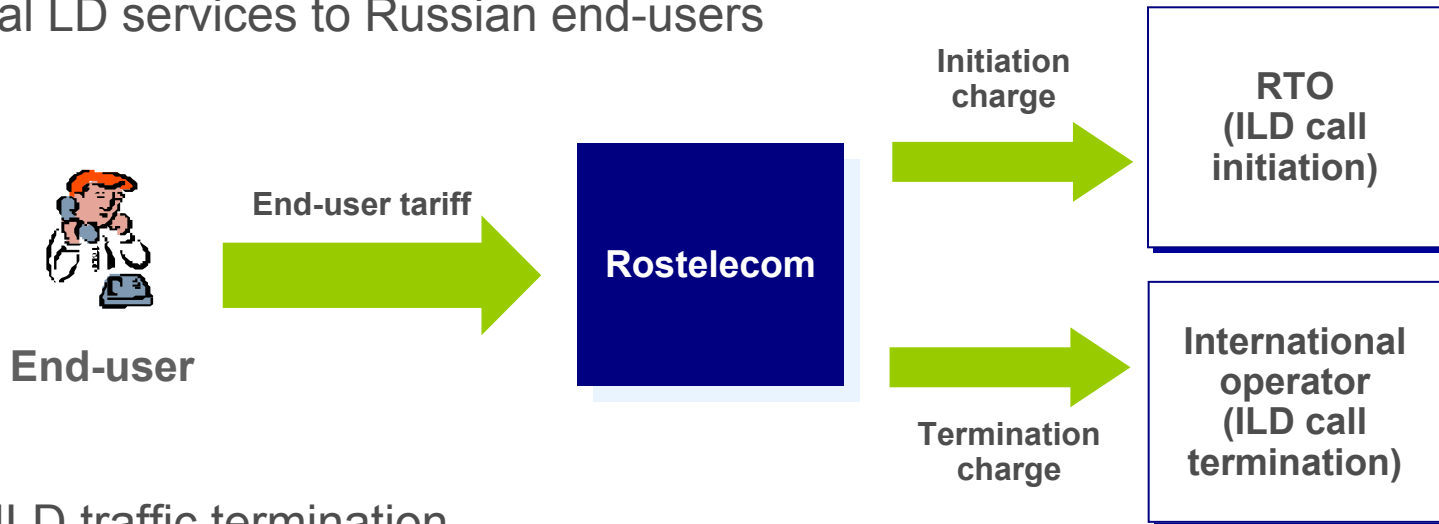


Incoming ILD traffic termination



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 5.27 billion

- **Recent stock price (08/12/2008):**

ORD: USD 7.06 (52 WK HI/LO: USD 12.49 / 5.73)

PREF: USD 0.53 (52 WK HI/LO: USD 3.25 / 0.48)

ADR: USD 46.69 (52 WK HI/LO: USD 74.99 / 21.84)

- **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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