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**Moscow, October 31, 2002:** Rostelecom 2002 nine months results in accordance with Russian Accounting Standards.

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- *As per preliminary data during the first nine months of 2002 domestic long-distance traffic volume grew by 17%, international outgoing – by 11% compared to the same period a year ago;*
  - *Revenue\* was up 6.2%\*\* , reaching RUR 15,184.06 mn;*
  - *Growth in operating profit was 43% over a year ago, with operating profit amounting to RUR 6,120.3 mn;*
  - *Net profit amounted to RUR 4,900.8 mn, almost threefold higher than in the first nine months of 2001.*
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As per preliminary data, domestic long-distance traffic was up 17% versus first nine months of 2001, reaching 5,102 million minutes. Growth in DLD revenues was 38.3% over a year ago. DLD revenues reached RUR 6,346.9 mn.

As per preliminary data, growth in international outgoing traffic was 11% with traffic reaching 928 million minutes. Rostelecom outgoing ILD revenues remained almost unchanged compared to the same period a year ago totaling RUR 5,959 mn.

Total revenue reached RUR 15,184.06 mn, which is 6.2% higher than for the same period last year.

Operating costs during the first nine months of 2002 declined by 9.5%, amounting to RUR 9,063.7 mn. Depreciation decreased by 19.5% to RUR 3,717.8 mn, EBITDA increased by 10.6%.

Operating profit surged by 43% to RUR 6,120.3 mn.

Growth in other operating revenues by 150% is explained mostly by profit from Sovintel deal in the amount of RUR 3,025.6 mn. Other operating expenses increased by 49% to a large extent due to bad debt expense of over RUR 600 mn.

Net profit increased by 173% to RUR 4,900.8 mn. Disregarding the effect from Sovintel transaction and bad debt expense, net profit would be RUR 2,996.4 mn or 67% higher than a year ago.

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\* Excluding VAT

\*\* Not adjusted for inflation

Balance Sheet, RUR '000			
	31.12.2001	30.09.2002	Change, %
<b>ASSETS</b>			
<b>Non-current assets, incl.</b>	<b>23 555 048</b>	<b>22 951 071</b>	<b>-2.6%</b>
Intangible assets	23	21	-8.7%
Fixed assets	19 550 604	17 561 329	-10.2%
Incomplete installations	2 950 952	3 056 591	3.6%
Long-term financial investments	1 053 469	2 333 130	121.5%
<b>Current assets, incl.</b>	<b>13 419 184</b>	<b>17 461 772</b>	<b>30.1%</b>
Inventories	1 167 248	1 101 983	-5.6%
VAT on obtained property	2 337 482	2 033 584	-13.0%
Accounts receivable	7 250 612	7 203 114	-0.7%
Short-term financial investments	1 129 842	3 701 223	227.6%
Cash and cash equivalents	1 534 000	3 348 834	123.1%
<b>BALANCE</b>	<b>36 974 232</b>	<b>40 412 843</b>	<b>9.3%</b>
<b>SHAREHOLDER EQUITY AND LIABILITIES</b>			
<b>Shareholder equity</b>	<b>16 298 968</b>	<b>20 803 944</b>	<b>27.6%</b>
<b>Liabilities, incl.</b>	<b>20 675 264</b>	<b>19 608 899</b>	<b>-5.2%</b>
Long-term liabilities	9 338 977	8 068 897	-13.6%
Short-term liabilities	11 336 287	11 540 002	1.8%
<b>BALANCE</b>	<b>36 974 232</b>	<b>40 412 843</b>	<b>9.3%</b>

**Profit and Loss Statement, RUR '000**

	9 months ended		
	30.09.2001	30.09.2002	Change, %
<b>Revenue</b>	<b>14 293 785</b>	<b>15 184 056</b>	<b>6.2%</b>
Operating costs, including	-10 012 480	-9 063 796	-9.5%
<i>Depreciation</i>	4 615 835	3 717 773	-19.5%
<b>Operating profit</b>	<b>4 281 305</b>	<b>6 120 260</b>	<b>43.0%</b>
Results of other operating activities, including	-789 879	1 600 644	n/a
<i>Profit from sale of Sovintel</i>	0	3 025 610	
<i>Bad debt expenses</i>	0	-623 941	
Results of other non-sales activities	-347 937	- 1 257 916	261.5%
<b>Profit before tax</b>	<b>3 143 489</b>	<b>6 462 988</b>	<b>105,6%</b>
Profit tax	-1 344 327	-1 559 613	16.0%
Extraordinary expenses	-1 253	-2 557	104.1%
<b>Net profit</b>	<b>1 797 909</b>	<b>4 900 818</b>	<b>172.6%</b>

**Key Ratios**

	9 months ended	
	30.09.2001	30.09.2002
Operating margin, %	29.95%	40.31%
EBITDA margin, %	62.24%	64.79%
Net margin, %	12.58%	32.28%
	<b>31.12.2001</b>	<b>30.09.2002</b>
Current liquidity ratio	1.23	1.56
Financial independence ratio	0.44	0.51

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*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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