

Investor Meetings, May 2007

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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



In all Russian regions Rostelecom provides fixed-line DLD and ILD services to end-customers



Rostelecom acts as a “carriers’ carrier” in the Russian market, interconnecting local public operators’ networks into a single national network



51% of voting shares owned by the state controlled holding company Svyazinvest

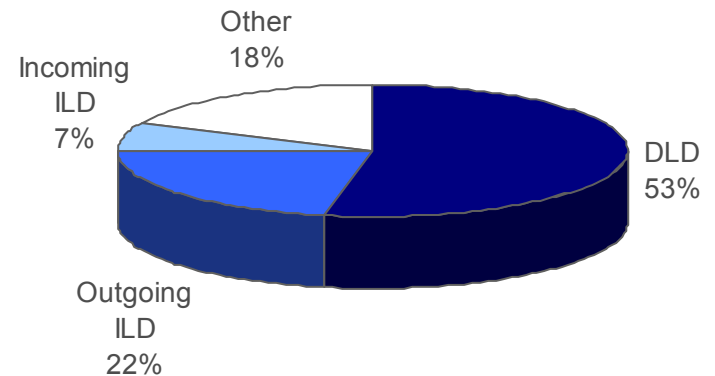


Shares traded on NYSE, LSE, FWB, RTS, MICEX



Market capitalization: USD 7.40 billion

Revenue breakdown by service*



* In accordance with 2006 RAS results

Nationwide Network Underpins Rostelecom's Competitive Market Position

Developed trunk network underlies the Company's competitive advantages

Most extensive and sophisticated network infrastructure among Russian operators

- ✓ almost 150,000 km in length
- ✓ points of presence across entire Russian Federation
- ✓ points of presence in London, Stockholm, Frankfurt, Helsinki, New York and Hong Kong
- ✓ 95% digitalized in channel-kilometers
- ✓ 100% digitalized in switching capacity

Most reliable traffic transmission route in Russia

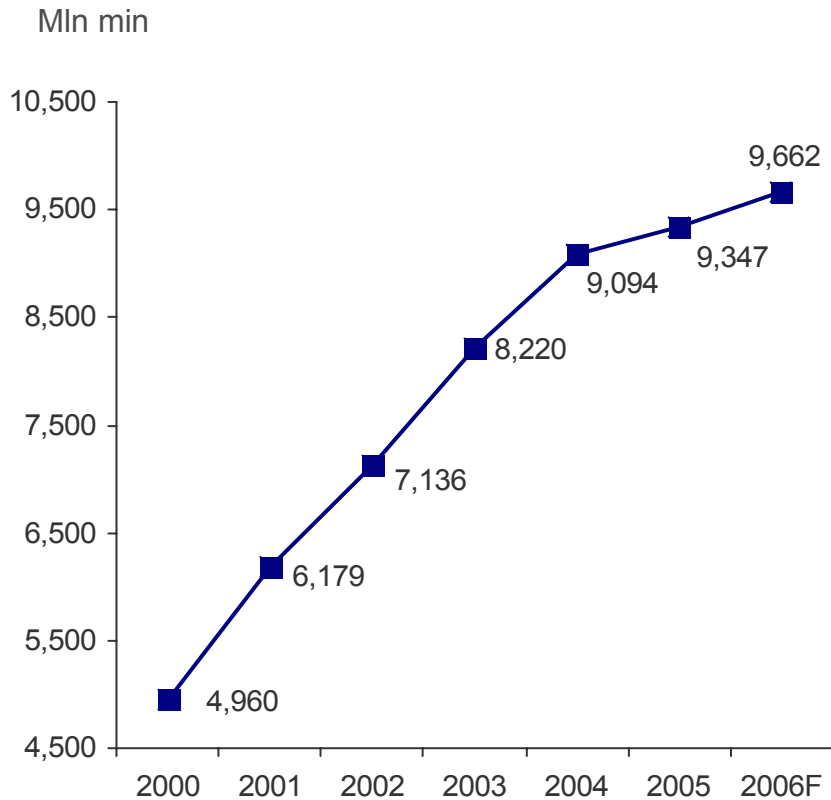
Low Repair & Maintenance expenses

High service recognition from local and international operators

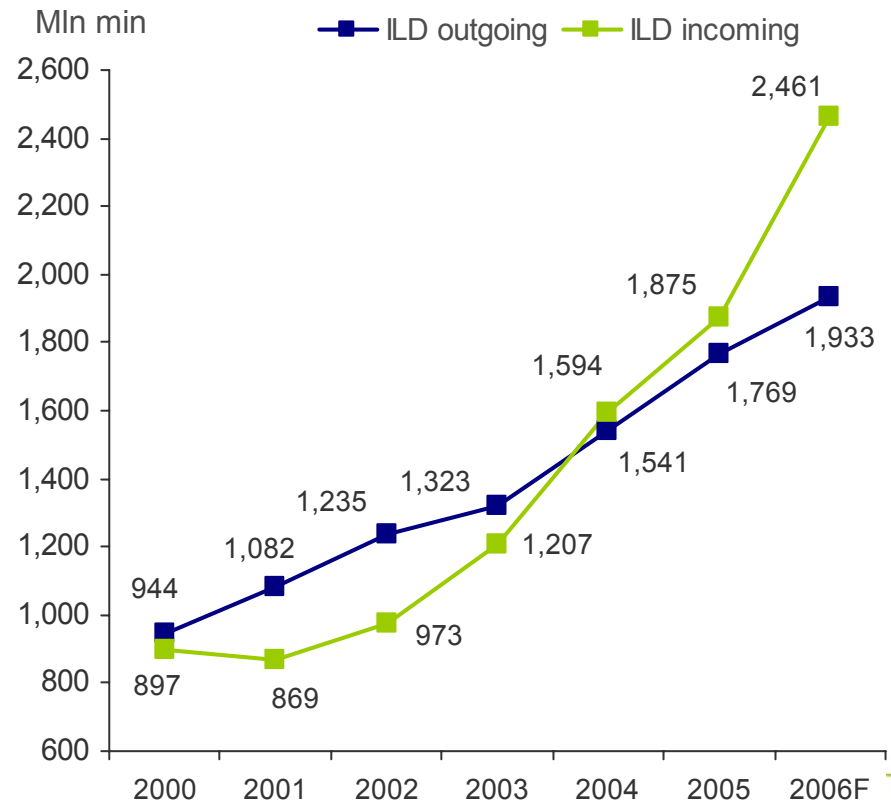
Competitive transit rates

Rostelecom has built the most advantageous technological position for providing long-distance services under the new regulatory requirements

Rostelecom's domestic long-distance (DLD) traffic dynamics



Rostelecom's international long-distance (ILD) traffic dynamics



✓ DLD traffic growth of 2-5% p.a.

✓ Incoming ILD traffic growth at 15-20% p.a., outgoing ILD – at 10-15% p.a.

Change in Rostelecom's Market Status: Getting Direct Access to End-Users throughout Russia

**Rostelecom's market presence until 2006:
primarily wholesale operator**

**Rostelecom's market presence 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

- Primarily provider of channel capacity to operators
- Provider of traffic transit services

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, customer equipment servicing (third party telecom equipment & facilities support and maintenance) etc.

Evolving Rostelecom's Business Model to Seize Opportunities in Liberalized Market Environment

	Until 2006 – primarily wholesale LD operator	From 2006 – primarily retail LD operator
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	Transit and termination rate from operators
Billing and customer service	<ul style="list-style-type: none"> • B2B (in-house) • B2C in Moscow (in-house) 	<ul style="list-style-type: none"> • B2B (in-house) • B2C in Moscow (in-house) • B2C (outsourced in regions)

New interaction system – expanded customer base and change in revenue split

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 paid for incoming ILD traffic termination
 - 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

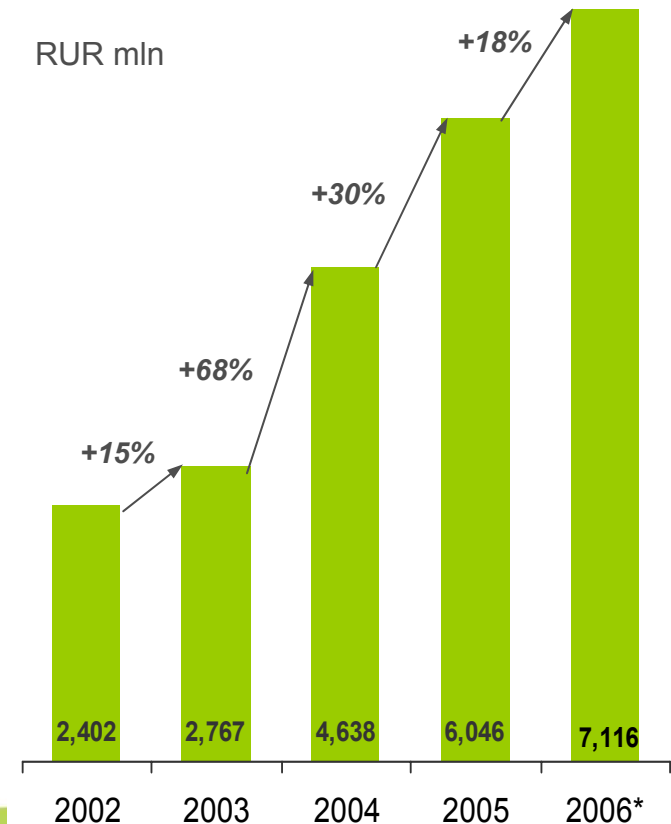
Operators' Market: Increase in Revenue from Leased Line Services Driven by Booming Demand

Strong growth in demand and competitive prices boost revenues from leased line services

- ✓ Unique scale and capacity of Rostelecom's nationwide network
- ✓ Strong growth in demand for leased line services across Russia
- ✓ Further expansion of flexible multiplexers network
- ✓ High quality of service and brand awareness

- ✓ Rostelecom enjoys strong position in the leased line market
- ✓ Sustained growth in revenues

Revenue from leased line services



* In accordance with 2006 FY RAS results

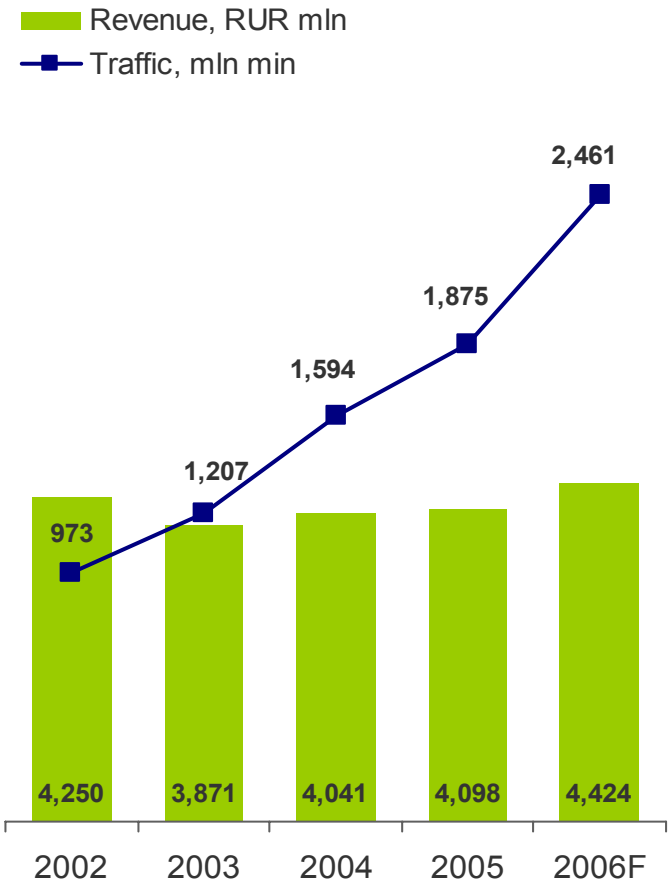
International Market: Stable Revenues on the Back of Healthy Traffic Growth

Strong relationships with international operators underpin Rostelecom's leading position in the international market

- ✓ Active cooperation with international operators
- ✓ Incoming ILD settlement rates revision

✓ Strong growth in traffic and positive revenue dynamics

Traffic and revenue from international operators

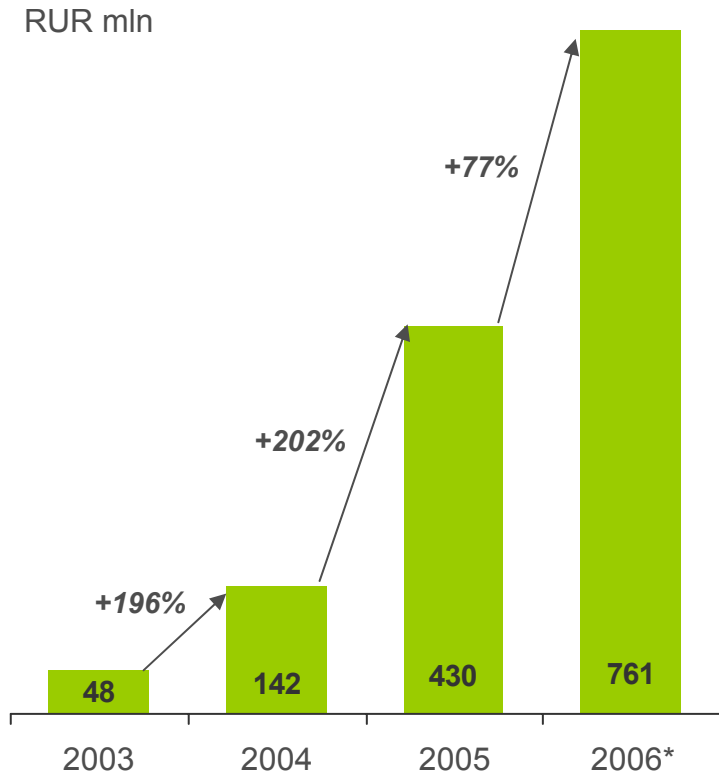


Value Added Services: Enhancing Competitiveness by Catering to Corporate Customers' New Needs

- Effective promotion of existing Intelligent Network Services (INS):**
 - Free-phone (8-800-200; 8-800-100)
 - Televoting (8-803-200)
 - Prepaid card
- Active development of new services:**
 - 8-802/8-805/8-806/8-809 services to be launched

- ✓ **Rostelecom – competitive player in the VAS market**
- ✓ **Strong growth in INS revenues**

Revenue from Intelligent Network Services



* In accordance with 2006 FY RAS results

Entry into Europe–Asia Transit Market Will Strengthen Competitive Potential in the Medium Term



Opportunities

Europe-Asia traffic is expected to continue its 20 to 30% annual growth trend

Existing undersea lines of competitors will not be able to accommodate growing capacity needs

Competitors' undersea lines have certain drawbacks, including limited capacity, large length, poor quality & reliability

Rostelecom strengths

Rostelecom's high-technology terrestrial countrywide network represents the shortest traffic transit route between Europe and Asia

We offer better quality and reliability of routing along with competitive pricing

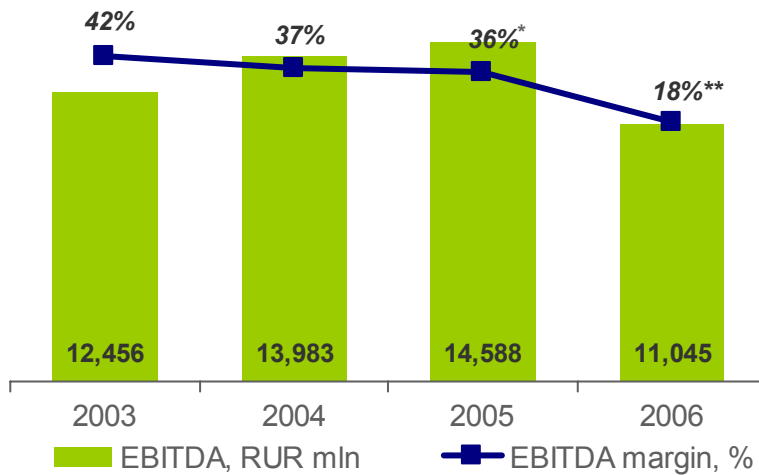
Flexible solutions to meet our customers' needs - protocol insensitive technology enables to carry any combination of voice, data, video and IP applications

Great potential for further development of TEA:

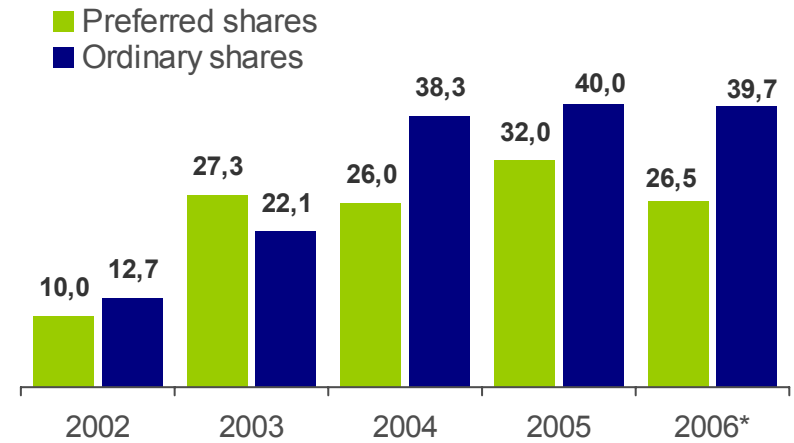
- Capacity expansion of Rostelecom's network to Chinese border underway

Stable Dividend Payments despite Impact of the New Interaction System

EBITDA and EBITDA margin



Dividends, USD million



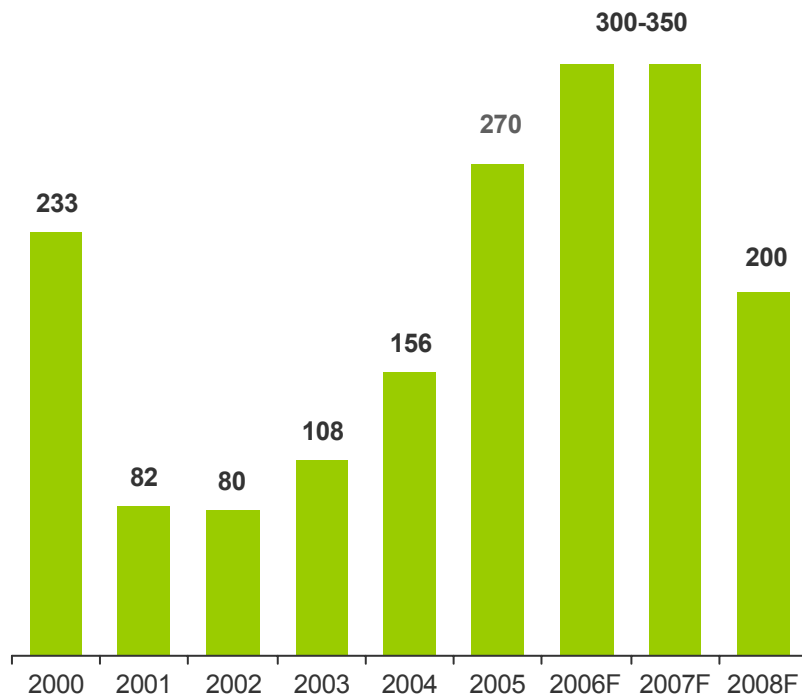
*Decline in EBITDA margin is due to the introduction of the new settlement system for DLD traffic transit in August 2003

**Decline in EBITDA margin is due to the transition to the new system of interaction with Russian operators and subscribers effective from January 1, 2006

*As recommended by the BOD

Capital Expenditure Program to Enhance Rostelecom's Competitive Advantages

USD mln



Investment priorities

Capacity expansion

Implementation of unified billing system

Construction of new fiber-optic lines

Secondary network modernization, development of new services

Today's Priorities Focus on Competitive Strength and Efficiency

Traditional LD voice transit services to end-users

- ✓ Further growth in traffic in the Russian market through active marketing efforts
- ✓ Strengthening competitive position in Moscow

Advanced technological solutions for corporate clients

- ✓ Active promotion and launch of new intelligent network services, IP VPN and Internet services
- ✓ Expansion of multi-service network

Operators market

- ✓ Active promotion of Europe-Asia transit services and mobile operators' traffic transit services
- ✓ Strengthening leadership in the international market
- ✓ Further trunk network modernization and expansion

Further operational efficiency enhancement

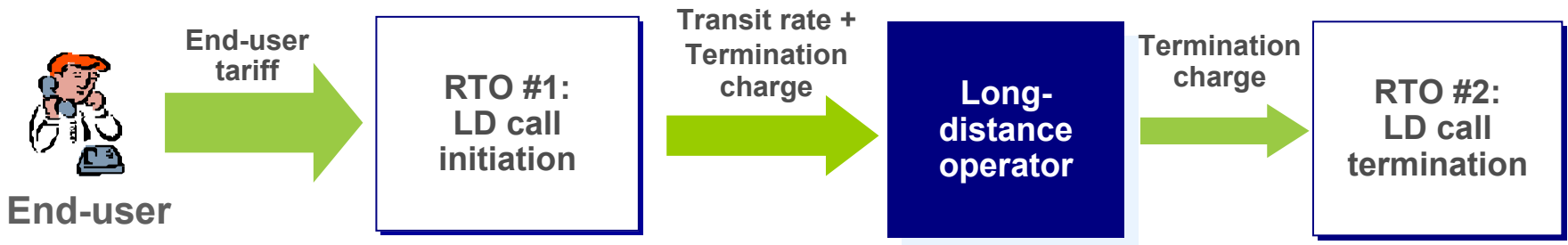
- ✓ Disposal of underperforming and non-core assets
- ✓ Business processes and organizational structure optimization

Management's key goal – to secure Rostelecom's leading position in the liberalized market

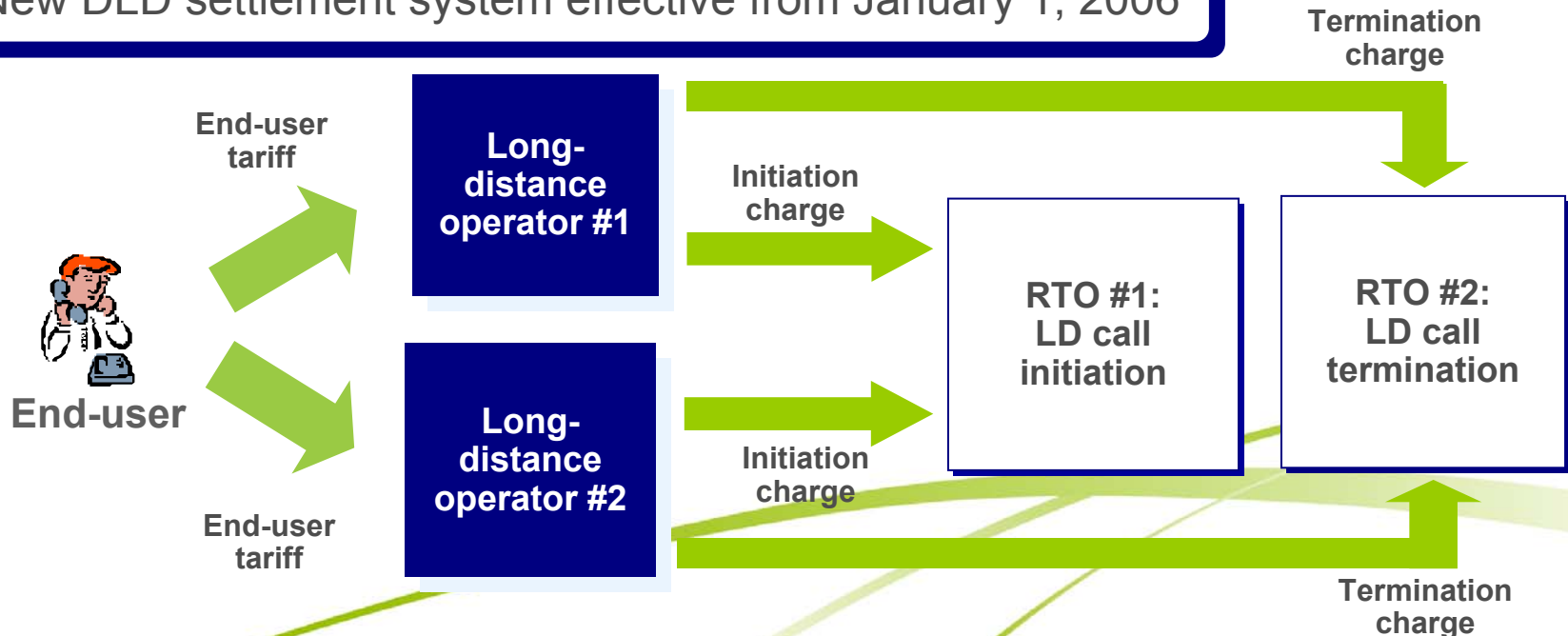
APPENDIX

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

Old DLD settlement system

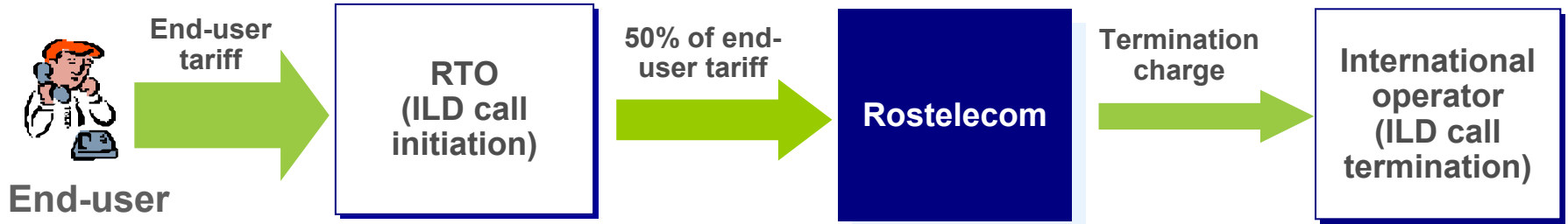


New DLD settlement system effective from January 1, 2006



Old settlement system

International LD services to Russian end-users

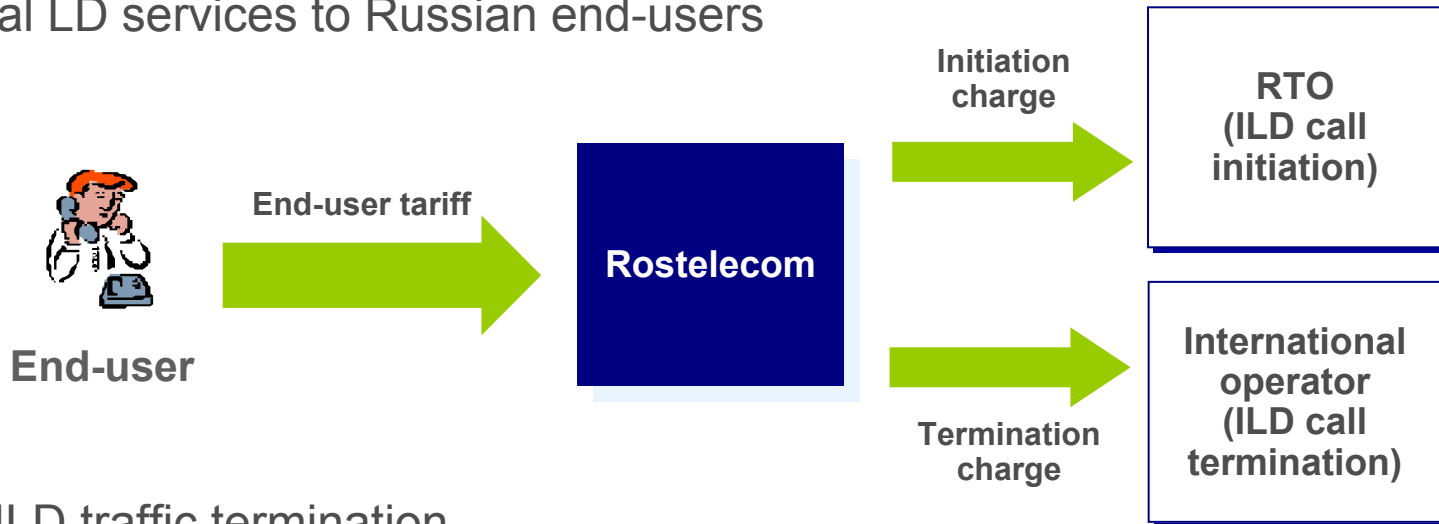


Incoming ILD traffic termination



New settlement system

International LD services to Russian end-users



Incoming ILD traffic termination



RUR mln	2005	2004	Change, %
Local operators	25,227	22,648	11.4
Subscribers	8,955	8,740	2.5
Foreign operators	4,706	4,560	3.2
Other	2,067	1,370	50.9
Total revenue	40,955	37,318	9.7
Operating expenses before depreciation, loss on disposal of PP&E and impairment of PP&E and goodwill	(27,093)	(24,598)	10.1
OIBDA	13,862	12,720	9.0
Depreciation	(7,136)	(7,498)	-4.8
Loss on sale of property, plant and equipment	(1,356)	(217)	524.9
Impairment of property, plant and equipment and goodwill	(4,970)	-	n.a.
Total operating expenses	(40,555)	(32,313)	25.5
Operating profit	400	5,005	-92.0
Operating profit excluding loss from impairment of PP&E and goodwill	5,370	5,005	7.3
Gain from associates	169	(25.0)	n.a.
Net result from financial activities	1,104	639	72.8
Profit before tax	1,673	5,619	-70.2
Income before tax excluding loss from impairment of PP&E and goodwill	6,643	5,619	18.2
Income tax expense	(695)	(1,353)	-48.6
Net profit	978	4,266	-77.1
Net profit excluding loss from impairment of PP&E and goodwill	4,755	4,266	11.5

Condensed Consolidated Balance Sheet

RUR mln	Dec. 31, 2005	Dec. 31, 2004	Change, %
Non-current assets	44,315	48,788	-9.2
Current assets	21,002	15,632	34.4
Accounts receivable, net	5,232	5,375	-2.7
Short-term investments	12,238	8,150	50.2
Cash and cash equivalents	2,398	1,255	91.1
Total assets	65,317	64,420	1.4
Total equity	49,697	50,838	-2.2
Non-current liabilities	8,150	7,424	9.8
Interest bearing loans, net of current portion	3,232	777	316.0
Deferred tax liability	4,171	5,954	-29.9
Current liabilities	7,470	6,158	21.3
Accounts payable, provisions and accrued expenses	4,056	3,191	27.1
Current portion of interest bearing loans	851	1,107	-23.1
Total liabilities	15,620	13,582	15.0
Total equity and liabilities	65,317	64,420	1.4

3mo 2007 RAS Operating and Financial Results

	3mo 2007	3mo 2006	Change, %
Million minutes			
Domestic long-distance traffic	2,492	2,417	3.1
Outgoing international traffic	463	452	2.5
Incoming international traffic	663	523	26.7
RUR million			
Revenue	15,206	14,585	4.3
Operating expenses	(12,222)	(12,285)	-0.5
incl. depreciation	(927)	(769)	20.5
EBITDA	3,911	3,070	27.4
EBITDA margin, %	25.7	21.0	n.a.
Operating profit	2,984	2,301	29.7
Results from other activities, incl.	903	396*	128.3
Profit from revaluation of financial investments	848	368	130.5
Profit before tax	3,887	2,696**	44.2
Profit tax	(988)	(641)	54.1
Net profit	2,899	2,055	41.1

* To ensure comparability of data for Q1 2006 and Q1 2007, other operating revenues and expenses, other non-operating revenues and expenses as well as extraordinary items for Q1 2006 are included in the results from other activities.

**Q1 2006 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.

- **Listings:**

NYSE, RTS, MICEX

- **Free float:**

62% (49% ORD and 100% PREF)

- **Market capitalization:**

USD 7.40 bn

- **Recent stock price (10/05/2007):**

ORD: USD 9.08 (52 WK HI/LO: USD 10.06 / 2.89)

PREF: USD 3.21 (52 WK HI/LO: USD 3.80 / 1.81)

ADR: USD 54.13 (52 WK HI/LO: USD 59.99 / 17.52)

- **2006 Dividend yield (as recommended by the BOD)**

0.7% (ORD) / 3.2% (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 stable**
- ✓ **Corporate Governance Code and Code of Ethics in place**
- ✓ **IFRS reporting**

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