

Investor Meetings, July 2006

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*Rostelecom
Investor Presentation*



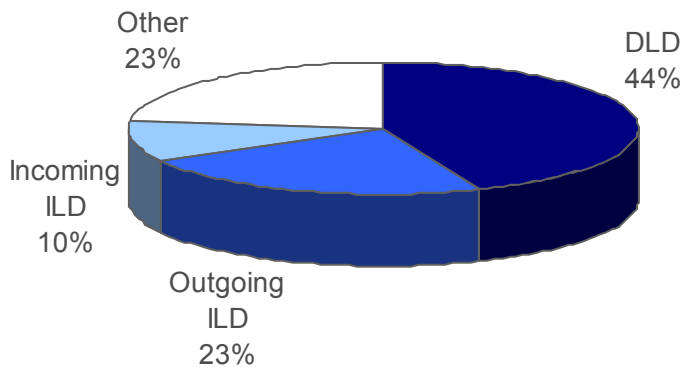
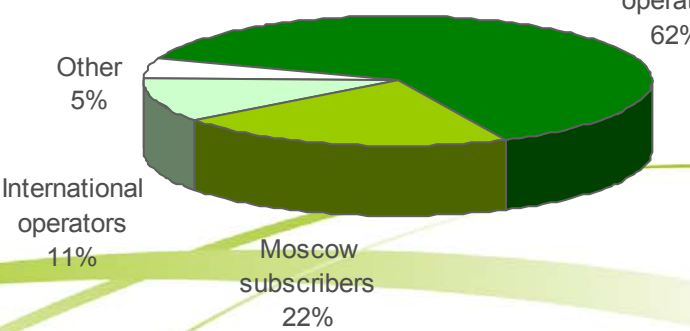
Certain statements in this presentation are “forward-looking statements” within the meaning of the U.S. federal securities laws and are intended to be covered by the safe harbors created thereby.

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.

	Key Facts	Rev										
✓	Rostelecom owns and operates nationwide digital trunk network	<p>Revenue breakdown by service*</p>  <table border="1"> <caption>Revenue breakdown by service*</caption> <thead> <tr> <th>Service</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>DLD</td> <td>44%</td> </tr> <tr> <td>Outgoing ILD</td> <td>23%</td> </tr> <tr> <td>Other</td> <td>23%</td> </tr> <tr> <td>Incoming ILD</td> <td>10%</td> </tr> </tbody> </table>	Service	Percentage	DLD	44%	Outgoing ILD	23%	Other	23%	Incoming ILD	10%
Service	Percentage											
DLD	44%											
Outgoing ILD	23%											
Other	23%											
Incoming ILD	10%											
✓	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	<p>Revenue breakdown by customer segment*</p>  <table border="1"> <caption>Revenue breakdown by customer segment*</caption> <thead> <tr> <th>Customer Segment</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Russian operators</td> <td>62%</td> </tr> <tr> <td>Moscow subscribers</td> <td>22%</td> </tr> <tr> <td>International operators</td> <td>11%</td> </tr> <tr> <td>Other</td> <td>5%</td> </tr> </tbody> </table>	Customer Segment	Percentage	Russian operators	62%	Moscow subscribers	22%	International operators	11%	Other	5%
Customer Segment	Percentage											
Russian operators	62%											
Moscow subscribers	22%											
International operators	11%											
Other	5%											
✓	Shares traded on NYSE, LSE, RTS, MICEX											
✓	Market capitalization: USD 3.95 billion											

* In accordance with 2005 FY IFRS 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 200,000 km in length
- ✓ points of presence across entire Russian Federation
- ✓ points of presence in London, Stockholm and Frankfurt
- ✓ 94% digitalized in channel-kilometers
- ✓ 100% digitalized in switching capacity

Most reliable traffic transmission route in Russia

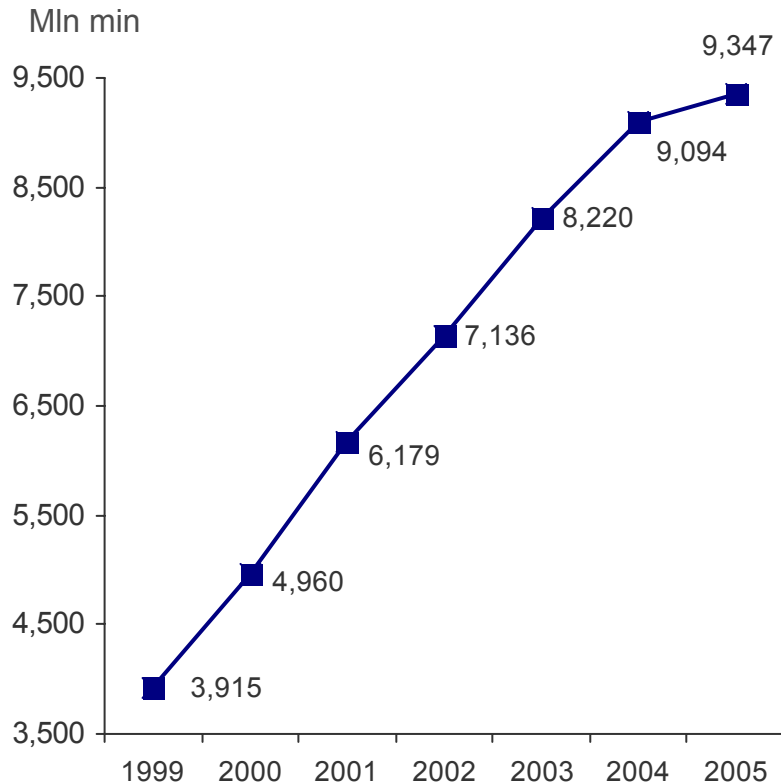
Low Repair & Maintenance expenses

High service recognition from local and international operators

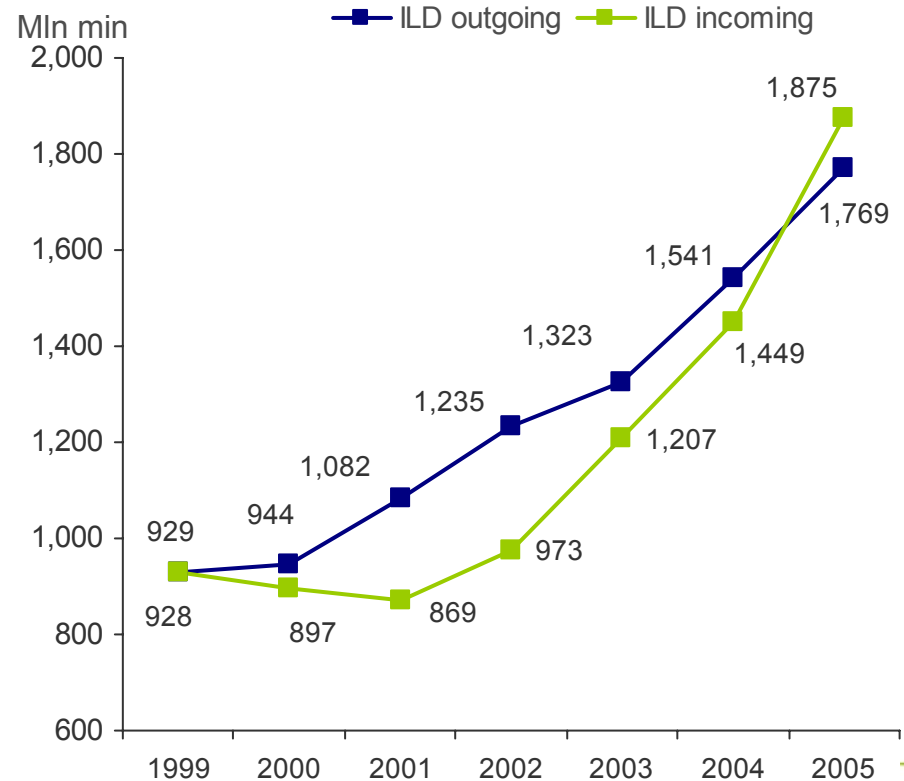
Competitive transit rates

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

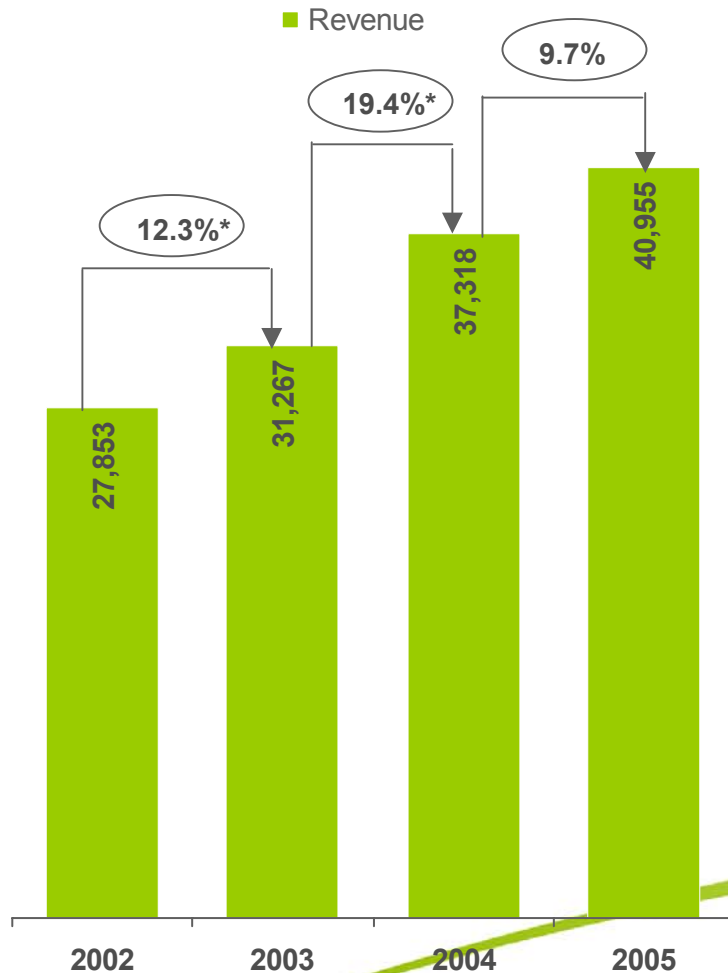


✓ DLD traffic growth of 3-7% p.a.

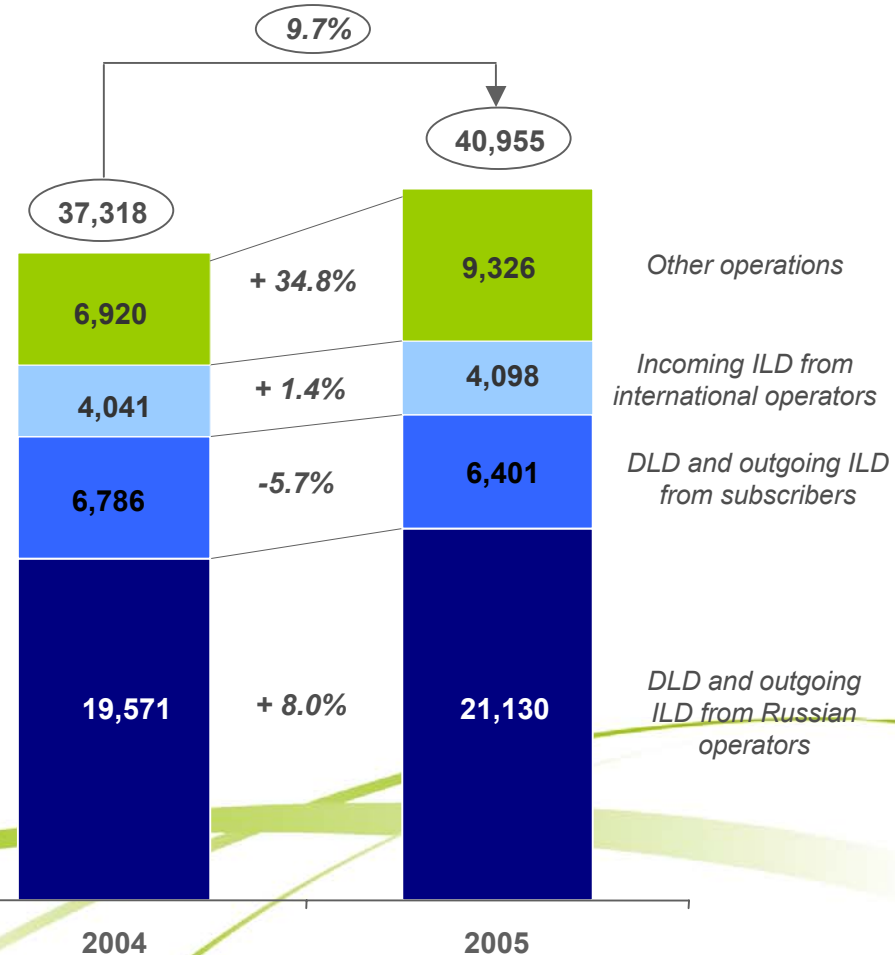
✓ Incoming ILD traffic growth at 15-20% p.a., outgoing ILD – at 10-15% p.a.

Rostelecom's Top-Line Growth Strategy Is Yielding Results

Total revenue (IFRS), RUR mln



Revenue (IFRS) by segment, RUR mln



* Including the effect of the new settlement system

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**

**Direct long-distance service provider
in Moscow**

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

**Direct long-distance service provider in all
Russian regions**

- 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**

**Nationwide carrier's carrier and capacity
provider**

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

**Nationwide carrier's carrier and capacity
provider**

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

**International
operators'
market**

Provider of incoming ILD traffic transit, non-switched international traffic transit and channel capacity

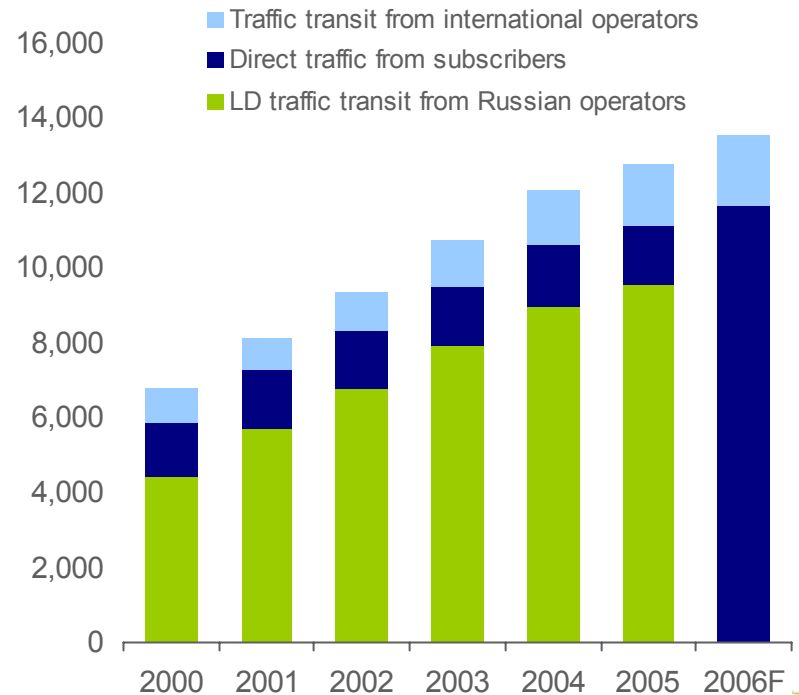
**Other
markets**

Provider of equipment servicing, intelligent network services 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	<p>Transit and termination rate from operators</p> <p>The whole amount of end-user tariff in Moscow</p>	The whole amount of end-user tariff across Russia
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)

Rostelecom traffic volume by customer segment



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

New Settlement 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

Effect on margins

- ✓ Negative effect on EBITDA margin

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

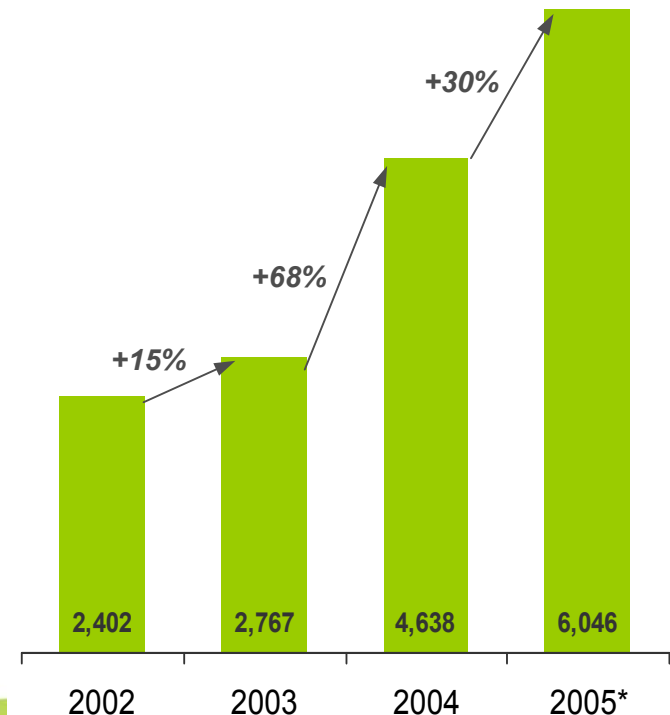
Strong growth in demand and competitive prices boost revenues from leased line services

- ✓ 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

RUR mln



* In accordance with 2005 FY RAS results

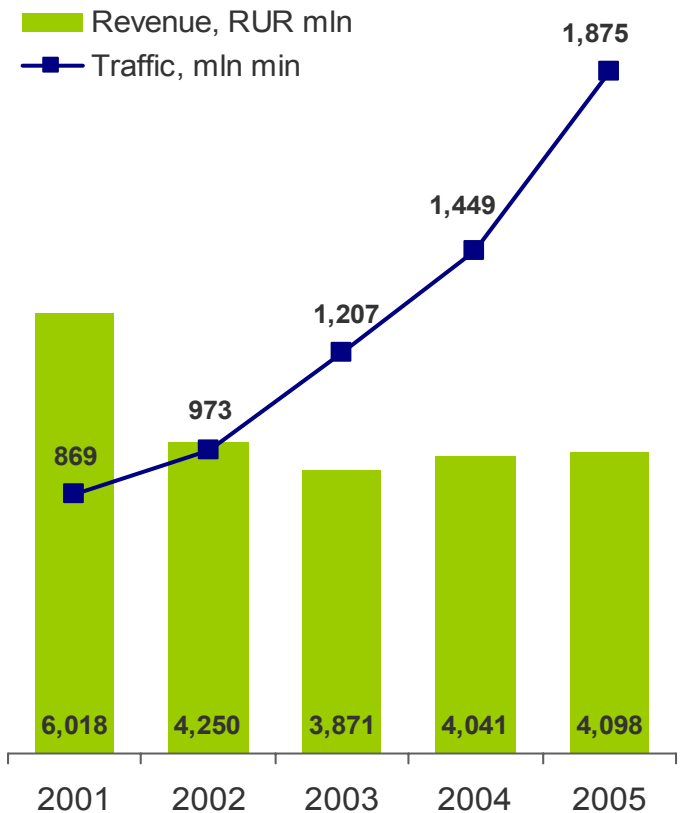
International Market: Stable Revenues on the Back of Healthy Traffic Growth

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

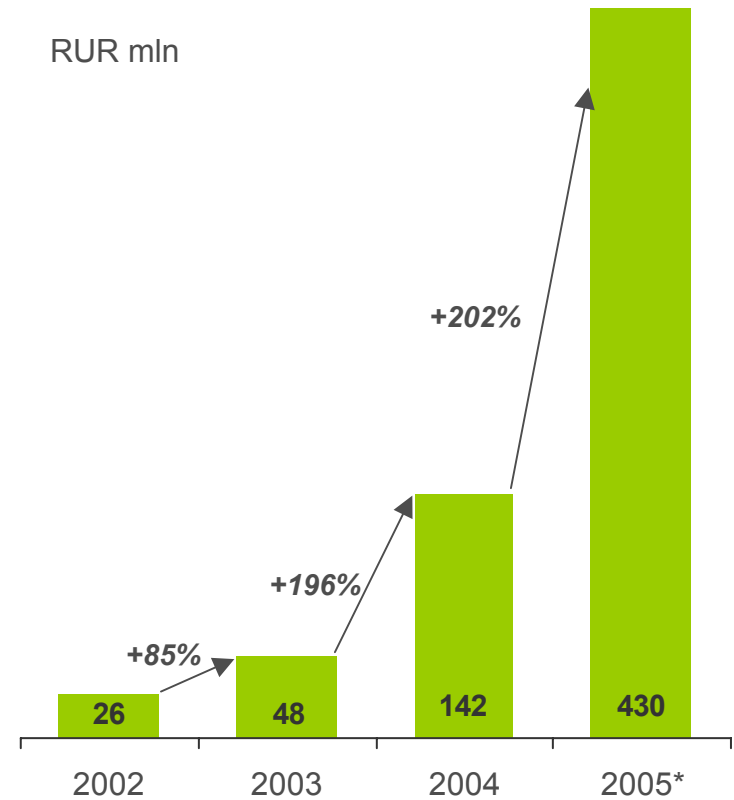


Value Added Services: Enhancing Competitiveness by Catering to Corporate Customers' New Needs

- 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
- ✓ Surge in INS revenues

Revenue from Intelligent Network Services



* In accordance with 2005 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

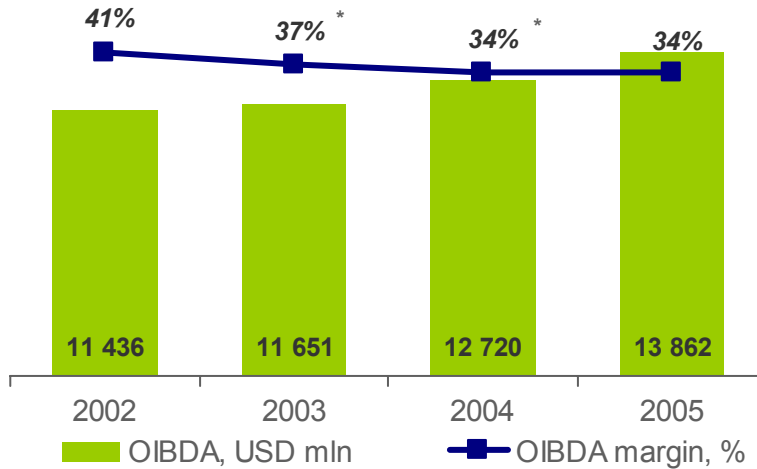
Flexible solutions to customers needs - protocol insensitive technology enables to carry any combination of voice, data, video and IP applications

Great potential of further development of TEA:

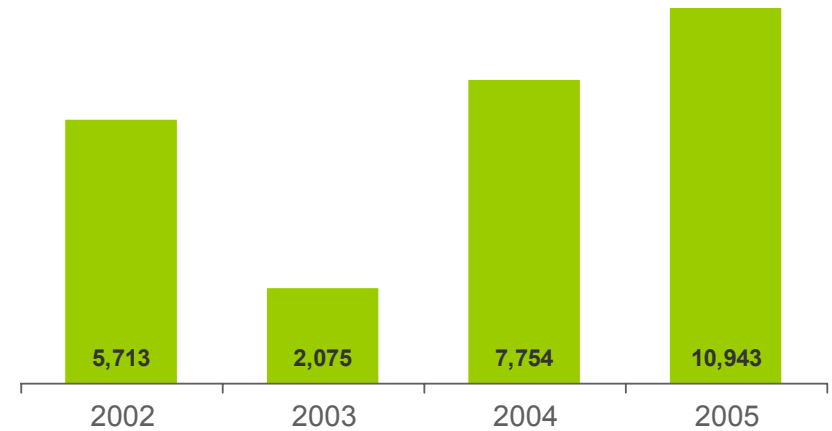
- Capacity expansion of Rostelecom's network to Chinese border underway
- Organization of point of presence in New York underway

Steady Efficiency Gains and Positive NOCF Generation Underlie Financial Flexibility

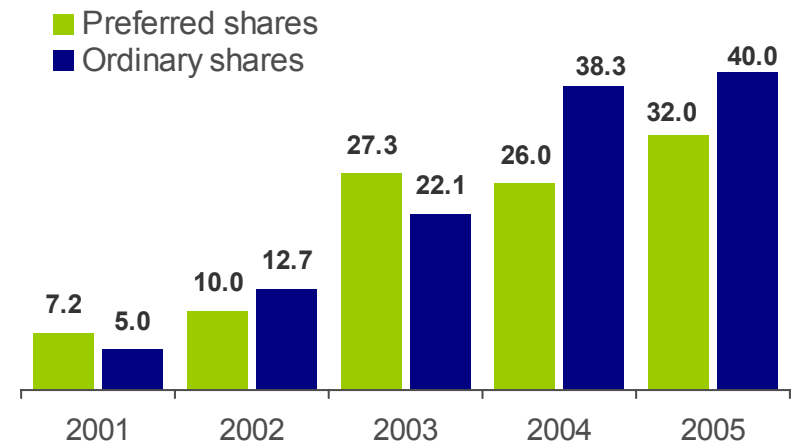
OIBDA and OIBDA margin



Net operating cash flow, RUR million



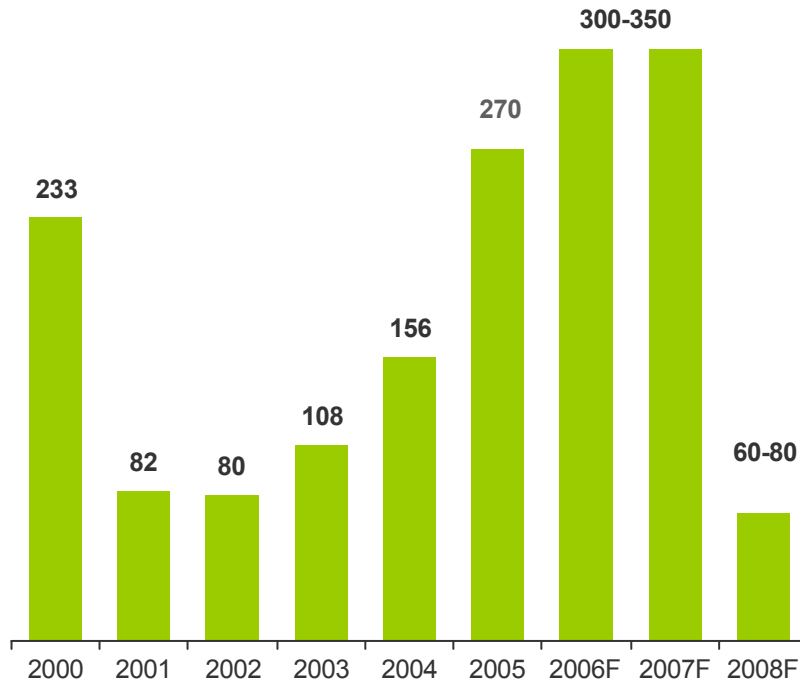
Dividends, USD million



* Decline in OIBDA margin is due to the introduction of the new settlement system

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
- ✓ Expansion of multi-service network

Operators market

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

Further operational efficiency enhancement

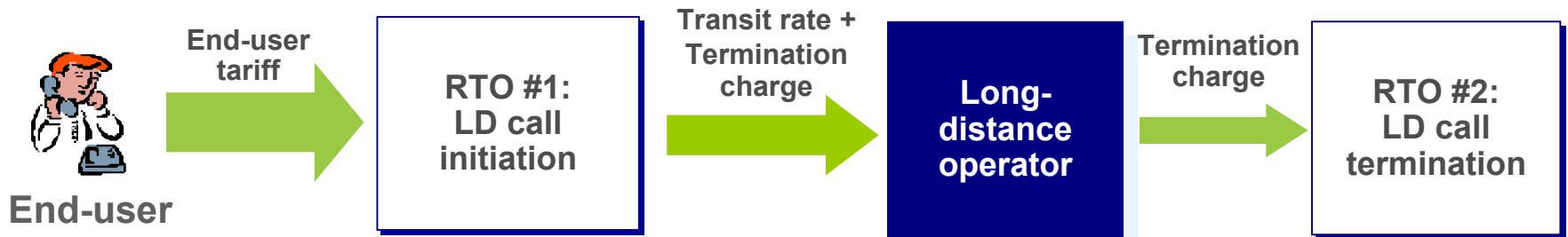
- ✓ Disposal of underperforming and non-core assets
- ✓ Business processes and organizational structure optimization

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

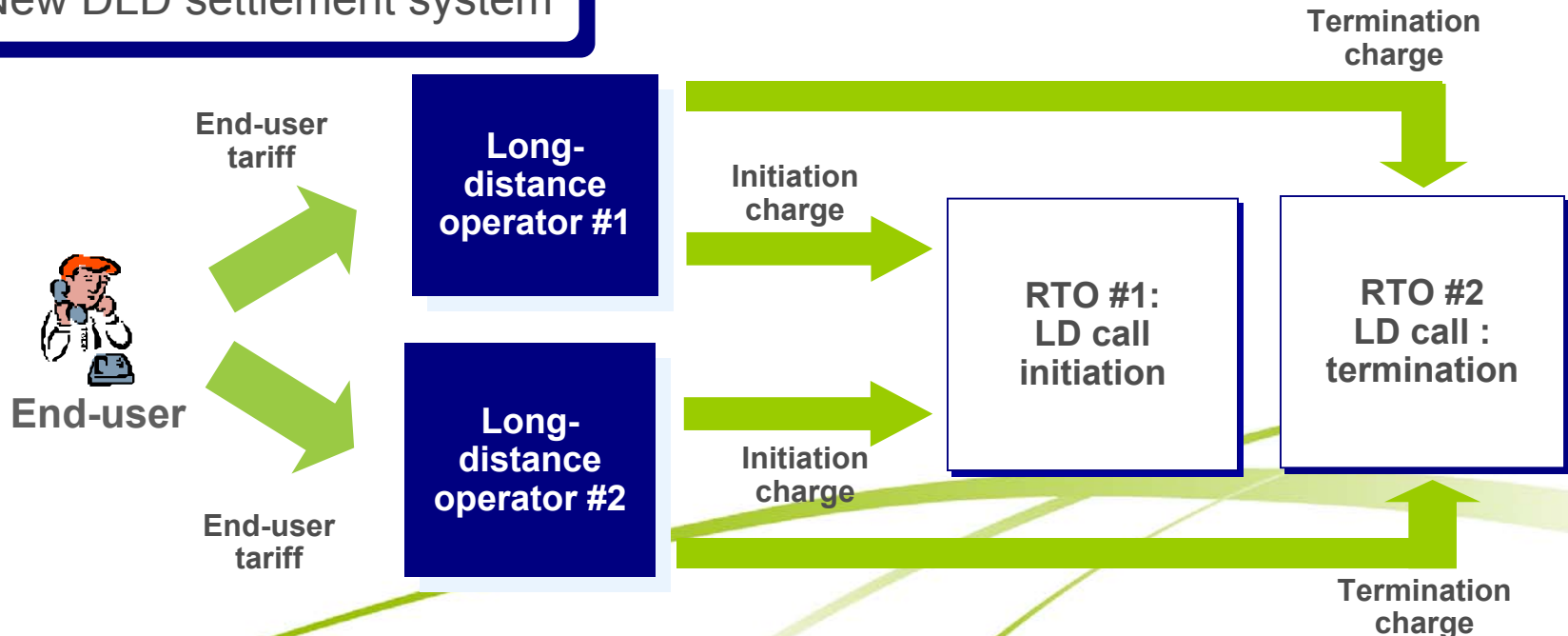
APPENDIX

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

Old DLD settlement system

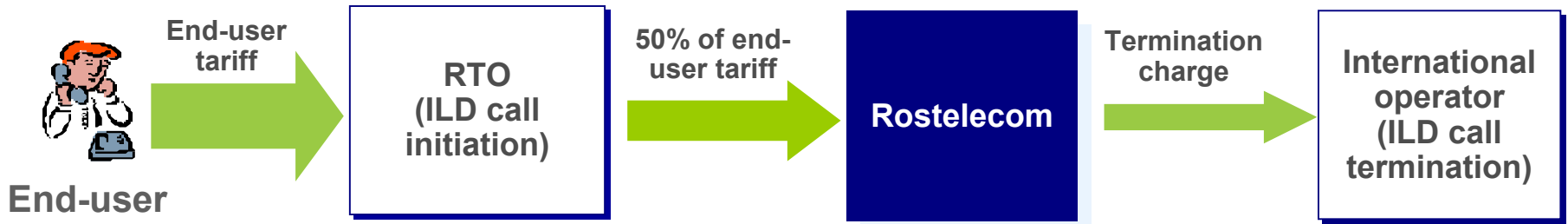


New DLD settlement system



Old settlement system

International LD services to Russian end-users

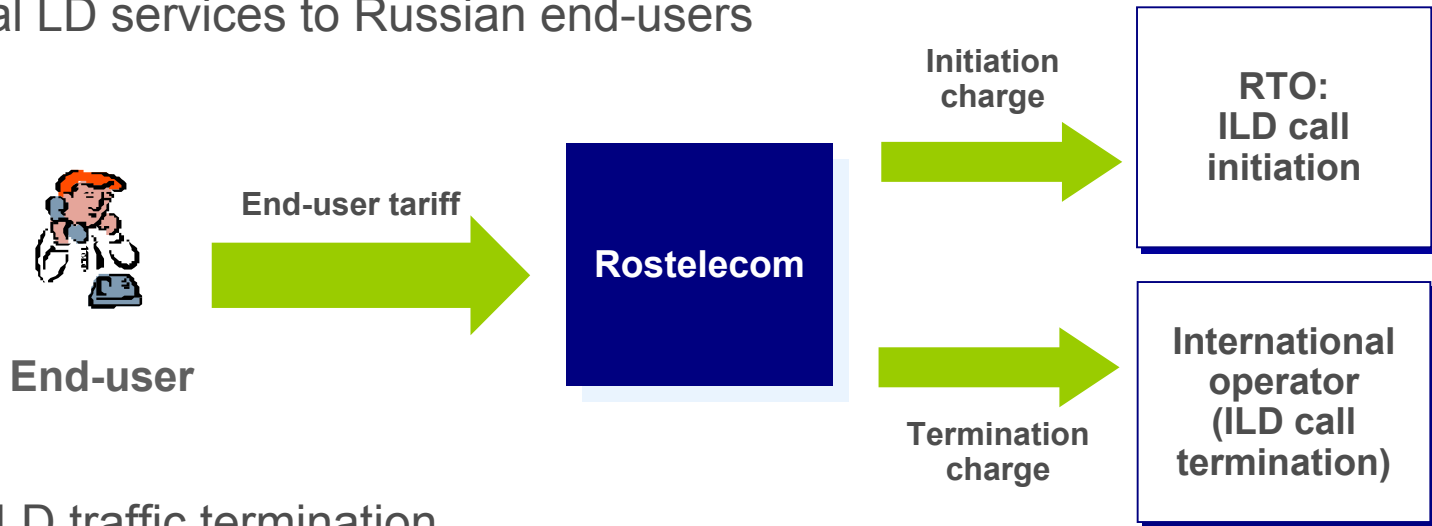


Incoming ILD traffic termination



New settlement system

International LD services to Russian end-users



Incoming ILD traffic termination



2005 FY IFRS Financial Highlights

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 and minority interest	1,673	5,619	-70.2
Income before tax and minority interest 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	67,317	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 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

Solid 2005 FY Performance under RAS Contributes to Rostelecom's Strong Financial Position

	2005	2004	Change, %
Million minutes			
Domestic long-distance traffic	9,347	9,094	2.8
Outgoing international traffic	1,769	1,541	14.8
Incoming international traffic	1,693	1,449	16.8
RUR million			
Revenue	40,292	37,471	7.5
Operating expenses	(28,331)	(25,550)	10.9
incl. depreciation	(2,627)	(2,063)	27.3
EBITDA	14,588	13,983	4.3
Operating profit	11,961	11,920	0.3
Results from other operating activities	902	(1,214)	n/a
Results from other non-sales activities	(704)	(926)	-23.9
Profit before tax	12,159	9,781	24.3
Profit tax	3,132	2,559	22.4
Extraordinary items	1	(1)	n/a
Net profit	9,028	7,221	25.0

- **Listings:**

NYSE, RTS, MICEX

- **Free float:**

62% (49% ORD and 100% PREF)

- **Market capitalization:**

USD 3.95 bn

- **Recent stock price (05/07/2006):**

ORD: USD 4.71 (52 WK HI/LO: USD 4,85 / 1.98)

PREF: USD 2.13 (52 WK HI/LO: USD 2.64 / 1.48)

ADR: USD 28.40 (52 WK HI/LO: USD 29.24 / 11.95)

- **2005 Dividend yield**

2.4% (ORD) / 7.4% (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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