

**ROSTELECOM REPORTS CONSOLIDATED
IFRS FINANCIAL RESULTS FOR THE SECOND QUARTER AND SIX MONTHS, ENDED
JUNE 30, 2011**

Moscow – October 13, 2011 – Rostelecom OJSC (the “Group”) (RTS, MICEX: RTKM, RTKMP; OTCQX: ROSYY), Russia’s national telecommunications operator, today announced its unaudited consolidated¹ IFRS financial results for the second quarter and six months, ended June 30, 2011.

SECOND QUARTER FINANCIAL HIGHLIGHTS

- Consolidated revenues up 6% year on year to RUB 71.2 billion
- OIBDA² up 8% year on year to RUB 28.8 billion
- OIBDA margin increased to 40.4% compared to 39.6% for the same period of 2010
- Net income² down 2% year on year to RUB 8.6 billion

SIX MONTHS FINANCIAL HIGHLIGHTS

- Consolidated revenues up 7% year on year to RUB 143.6 billion
- OIBDA up 3% year on year to RUB 56.0 billion with OIBDA margin of 39.0% compared to 40.4% for the same period of 2010
- Net income up 2% year on year to RUB 19.1 billion
- Capital expenditure³ of RUB 25.6 billion representing 18% of the combined revenues
- Net debt⁴ of RUB 139.1 billion (net debt / annualized OIBDA of x1.4) as of June 30, 2011

SIX MONTHS OPERATING HIGHLIGHTS

- Total broadband subscriber base up 30% year on year to 7.7 million with revenues increasing by 21% to RUB 23.4 billion
- Total Pay-TV subscriber base up 582% year on year to 5.6 million
- Total subscriber base for local telephony services decreased by 2% year on year at 29.0 million

Alexander Provotorov, President and Chief Executive Officer commented: “Our financial and operating results for the second quarter of 2011 reflect the actual performance of the combined Company for the first time following the completion of the legal reorganisation on April 1, 2011, as well as the sustainability of our business in difficult market conditions. In its first three months as a combined operator, Rostelecom has shown strong and steady growth, which will drive the Company’s further development and will help us to achieve our targets to transform the business and to strengthen our market position. Revenues increased by 7% and OIBDA by 3% in the first half of 2011, and a comfortable level of predominantly ruble-denominated debt was maintained. We continued actively to grow our broadband and Pay-TV subscriber base. We are on track to achieve by 2015 the ambitious targets we set out in our development strategy. We believe that by attaining these objectives we will increase Rostelecom’s market value for the benefit of our shareholders.”

¹ Combination of consolidated financial statements of North-West Telecom OJSC, CenterTelecom OJSC, Southern Telecommunications Company OJSC, VolgaTelecom OJSC, Uralsvyazinform OJSC, Sibirtelecom OJSC, Far East Telecom OJSC (“RTOs”), Dagsvyazinform OJSC and Rostelecom OJSC, which had been under common control of Svyazinvest OJSC and were merged on April 1, 2011.

² Here and below, please refer to Attachment 1 to this statement for a full definition and reconciliation of OIBDA

³ Here and below, capital expenditure (“CAPEX”) comprises cash spent on purchase of property, plant and equipment and intangible assets

⁴ Here and below, net debt is calculated as the sum of long-term loans and short-term borrowings minus cash and cash equivalents and short-term investments

FINANCIAL SUMMARY

RUB million	2Q 2011	2Q 2010	% change, y-o-y	6M 2011	6M 2010	% change, y-o-y
Revenue	71,232	67,491	6%	143,598	134,713	7%
OIBDA	28,813	26,703	8%	56,041	54,472	3%
<i>OIBDA margin, %</i>	40.4%	39.6%		39.0%	40.4%	
Operating income	14,593	13,963	5%	28,813	28,976	(1%)
<i>Operating margin, %</i>	20.5%	20.7%		20.1%	21.5%	
Net income	8,550	8,761	(2%)	19,112	18,736	2%
<i>Net margin, %</i>	12.0%	13.0%		13.7%	14.1%	
Capital expenditures	10,475	11,965	(12%)	25,579	21,187	21%
<i>% of revenue</i>	14.7%	17.7%		17.8%	15.7%	
Net debt	139,126	n.a.	-	139,126	n.a.	-
<i>Net debt/annualized OIBDA</i>	1.4x			1.4x		

OPERATING REVIEW

Revenue structure by services⁵

RUB million	2Q 2011	2Q 2010	% change, y-o-y	6M 2011	6M 2010	% change, y-o-y
Fixed Line						
Local telephony services	21,930	20,651	6%	44,363	41,966	6%
Intra-zone telephony services	5,111	5,924	(14%)	10,672	11,832	(10%)
DLD/ILD telephony services	6,120	6,911	(11%)	12,424	14,376	(14%)
Interconnection and traffic transit services	5,343	4,500	19%	10,666	10,146	5%
Broadband Internet	12,040	9,565	26%	23,373	19,281	21%
Pay TV	1,587	298	433%	3,119	505	518%
Mobile communication services	8,116	8,365	(3%)	15,796	15,670	1%
Data services (VPN, data centres, wholesale Internet sales)	4,125	4,015	3%	8,582	7,891	9%
Rent of channels	2,166	3,190	(32%)	4,895	5,712	(14%)
Other	4,694	4,072	15%	9,708	7,334	32%
Total revenue	71,232	67,491	6%	143,598	134,713	7%

Revenue structure by customer segments

RUB million	2Q 2011	2Q 2010	% change, y-o-y	6M 2011	6M 2010	% change, y-o-y
Residential customers	40,112	38,603	4%	80,774	77,308	4%
Corporate customers	31,120	28,888	8%	62,824	57,405	9%
Total revenue	71,232	67,491	6%	143,598	134,713	7%

The Company generated a 6% year on year increase in revenue in the second quarter, which reflected:

⁵ Effective from April 1, 2011, the methodological changes in the revenue structure include the following: 1) revenues from DLD/ILD traffic transit, which were previously included in the "DID / ILD telephony services" reporting line, are now included in the "Interconnection and traffic transit services" reporting line; 2) revenues from mobile interconnection services, previously included in the "Interconnection and traffic transit services" reporting line, are now presented under "Mobile Communication Services"; 3) other methodological changes have had no significant impact on the reporting structure.

- a 26% year on year increase in revenues from broadband, due to an increased subscriber base
- revenues from pay-TV services up over five times year on year, following the acquisition of NTK in February 2011
- a 6% year on year increase in revenues from local telephony services, due to tariff increases at the beginning of this year

The growth was partially offset by an 11% year on year decline in revenues from Domestic Long Distance and International Long Distance (DLD/ILD) telephony services, which primarily reflected the ongoing changes in customer behavior patterns related to the use of traditional long distance services.

Rostelecom reported a 7% year on year revenue growth to RUB 143,598 million in the first six months of 2011.

Key operating indicators

Number of Subscribers (millions):	2Q 2011	2Q 2010	% change, y-o-y	1Q 2011	% change, y-o-y
Local telephony	29.0	29.6	(2%)	29.2	(1%)
Mobile telephony ⁶	12.0	12.8	-	12.0	(1%)
Broadband Internet access incl.	7.7	5.9	30%	7.4	3%
Residential	7.1	5.4	31%	6.9	3%
Corporate	0.6	0.5	14%	0.6	3%
Pay TV	5.6	0.8	582%	5.6	1%
Traffic, generated by residential and corporate subscribers ⁷ (billions of minutes)					
Intra-zone	2.8	3.1	(10%)	2.8	(0%)
DLD	1.2	1.6	(22%)	1.4	(13%)
ILD	0.1	0.2	(21%)	0.1	(7%)

Rostelecom's total subscriber base for local telephony services was down 2% year on year to 29.0 million. The broadband and Pay-TV subscriber bases continued to grow, both on an organic basis due to the increased penetration of broadband and pay-TV services among local telephony subscribers, and as a result of the acquisition of telecom operators such as NTK. The total broadband subscriber base was up 30% year on year to 7.7 million, while the total Pay-TV subscriber base increased almost by seven times year on year to 5.6 million. The number of mobile telephony subscribers was stable quarter on quarter. The year on year performance reflected the implementation of a revised three month churn policy during the third quarter of 2010.

STRUCTURE OF OPERATING EXPENSES⁸

RUB million	2Q 2011	2Q 2010	% change, y-o-y	6M 2011	6M 2010	% change, y-o-y
Personnel costs	19,502	18,204	7%	40,227	35,211	14%
Interconnection charges	8,949	9,327	(4%)	18,065	18,326	(1%)
Materials, repairs and maintenance, utilities	6,728	6,512	3%	13,796	12,569	10%
Other operating income	(3,533)	(3,692)	(4%)	(7,201)	(6,889)	5%
Other operating expenses	10,773	10,437	3%	22,670	21,024	8%
Total	42,419	40,788	4%	87,557	80,241	9%

⁶ Excluding Skylink Group

⁷ Excluding traffic, generated by other telecom operators

⁸ Excluding depreciation and amortization

The Company's total operating expenses, before depreciation and amortization expenses, increased by 4% year on year to RUB 42,419 million in the second quarter of 2011. The performance primarily reflected:

- a 7% year on year increase in personnel costs to RUB 19,502 million, due to the increase in salaries in line with inflation during 2010 and the first half of 2011; the regulated change in the social tax rate from January 1, 2011; the consolidation of NTK's expenses;
- a 3% year on year increase in materials, repairs and maintenance and utility costs to RUB 6,728 million.

Operating expenses, before depreciation and amortization expenses, increased by 9% year on year to RUB 87,557 million in the first six months of 2011.

The Company reported an OIBDA of RUB 28,813 million in the second quarter and an OIBDA of RUB 56,041 million for the six months of 2011, with an OIBDA margin of 40.4% and 39.0% respectively.

Depreciation and amortization expenses increased by 12% year on year in the second quarter and by 7% year on year for the year to date to RUB 14,220 million and RUB 27,228 million respectively.

Rostelecom's capital expenditure decreased by 12% year on year in the second quarter and increased by 21% year on year for the six months of 2011 to RUB 10,475 million and RUB 25,579 million respectively. The Company's capital expenditure primarily comprised the launch of new projects to modernize broadband networks and IT systems; the launch of new services; and the construction of data transmission networks.

The Company reported an operating profit of RUB 14,593 million in the second quarter and RUB 28,813 million for the six months of 2011, with an operating margin of 20.5% and 20.1% respectively.

The year on year increase in financial expenses reflected the payment of interest on the credit lines which were used for to acquire the 25% stake in Svyazinvest and 71.8% in NTK. The Group's equity participation in the earnings of Svyazinvest and Bashinformsvyaz totaled RUB 271 million in the second quarter and RUB 1,548 million for the first six months of 2011.

Profit before taxes therefore decreased by 2% year on year in the second quarter and increased by 3% year on year for the year to date to RUB 11,439 million and RUB 24,859 million respectively, in line with the increase in level of financing and decline in the other financial gains.

The Company's income tax was stable year on year in the second quarter and increased by 6% year on year for the six months of 2011 to RUB 2,889 million and RUB 5,747 million respectively, which reflected the decrease in profit before tax. Rostelecom's effective tax rate was 25% in the second quarter and 23% for the year to date, which exceeded the Russian Statutory Income tax rate of 20%, mainly due to certain expenses which were non-deductible for tax purposes.

The Company reported a 2% year on year decrease in net income to RUB 8,550 million for the second quarter. Net income for the year to date increased by 2% year on year to RUB 19,112 million.

FINANCIAL REVIEW

Net cash generated by operating activities was stable year on year in the first six months of 2011 and amounted to RUB 41,163 million.

Cash used in investing activities increased more than five fold year on year in the six months of 2011 to RUB 55,242 million, mainly as a result of the acquisition of 71.8% of NTK and 39.9% of Bashinformsvyaz, as well as purchases of property, plant and equipment.

Cash provided by financing activities in the first six months of 2011 amounted to RUB 10,262 million, and primarily comprised loans secured to finance the acquisition of NTK.

The Group's cash and cash equivalents therefore decreased by 31% to RUB 8,754 million at the end of the reporting period.

The Group's total borrowings, including current and non-current obligations, were up 9% during the quarter to RUB 150,244 million, and comprised loans raised by the companies to acquire the 25% stake in Svyazinvest and the 71.8% stake in NTK, as well as RUB 19,066 million of bonds. More than 96% of the Group's total debt was ruble denominated at the end of the quarter. The Group's net debt therefore amounted to RUB 139,126 million. This was equivalent to 1.4x times annualized OIBDA, and compared to 1.2x times at the end of 2010. The level of net debt was below the maximum level of 2x, which has been set by the Company's financial policy.

SIGNIFICANT EVENTS OF THE SECOND QUARTER OF 2011 AND AFTER THE END OF REPORTING PERIOD

- On April 1, 2011, the RTOs and OJSC Dagsvyazinform were excluded from the Unified State Register of Legal Entities, following their merger with OJSC Rostelecom. The ordinary and preferred shares and bonds of the merged companies were exchanged for newly issued Rostelecom ordinary shares and bonds. This completed the legal process of creating an integrated Group based on Rostelecom.
- On May 12, 2011, Rostelecom's newly issued shares commenced trading on the CJSC Moscow Interbank Currency Exchange ("MICEX") as 16 separate issues.
- On May 13, 2011, the Board of Directors of Rostelecom approved its development strategy for 2011-2015.
- On May 13, 2011, Standard & Poor's upgraded Rostelecom to 'BB+' with a 'Stable' outlook
- On June 2, 2011, Rostelecom acquired 39.87% of the ordinary shares of OJSC Bashinformsvyaz, the largest telecoms operator in the Republic of Bashkortostan. As at the end of March 2011, Bashinformsvyaz had over one million fixed voice subscribers, 251 thousand broadband subscribers and 32 thousand IPTV subscribers.
- On June 9, 2011, the Company's Board of Directors approved changes to the employee long-term incentive programme by launching an additional stock option programme, amounting to RUB 3.5 billion. 39,554,794 Rostelecom preferred shares, comprising 16.3% of the total preferred shares or 1.2% of the total number of Rostelecom shares in issue, will be used to implement this programme.
- On June 27, 2011, the Rostelecom AGM approved the payments of an annual dividend of RUB 105.5 million for the full year 2010, to be paid to holders of Rostelecom preferred shares as at the record date of May 10, 2011. The dividend, which amounts to a payment of RUB 0.4344 per preferred 'class A' share⁹, is due to be paid by October 31, 2011. The AGM also approved that no annual dividends be paid to holders of ordinary shares for the full year 2010.
- On August 10, 2011, Rostelecom ordinary shares of the unified issue commenced trading on MICEX under the ticker RTKM in line with the approval of the cancellation of the individual numbers (codes) of the 16 additional issues of ordinary Rostelecom shares (RTKM-002D - RTKM-017D¹⁰) by the Russian Federal Service for Financial Markets' ('FSFM'). Since August 10, 2011 one issue of Rostelecom ordinary shares (RTKM) and one issue of preferred shares (RTKMP) are traded on MICEX.
- On August 31, 2011, Rostelecom acquired a 50% stake in CJSC Volgograd-GSM from SMARTS Group for a total cash consideration of RUB 2,322 million (approximately US\$ 80.5 million¹¹). As a result, Rostelecom now holds a 100% stake in Volgograd-GSM. The company had 855 thousand mobile subscribers as at the end of the first quarter of 2011.
- The MSCI has included the Company's ordinary shares in the Large Cap Segment of the MSCI Global Standard Indices and MSCI Russia Index with 3.43% weight, effective from September 1, 2011.
- On September 2, 2011, Rostelecom acquired a 49% stake in CJSC Orenburg – GSM from SMARTS Group for a total cash consideration of US\$ 4 million (approximately RUB 115.6

⁹ The dividend payment per preferred share is calculated as 10% of Rostelecom's RAS net profit for the full year 2010, divided by 25% of the total number of shares.

¹⁰ Registered numbers 1-01-00124-A-002D - 1-01-00124-A-017D

¹¹ Exchange rate of Central Bank of Russia as of August 31, 2011

million¹²). As a result, Rostelecom now holds a 100% stake in Orenburg – GSM. The company had 185 thousand subscribers at the end of the first quarter of 2011.

OTHER INFORMATION

Conference call

Rostelecom will host a conference call today at
8.00 AM (ET) / 1.00 PM (UK) / 2.00 PM (CET) / 4.00 PM (MOSCOW).

Participants may access the call by dialling the following numbers:

UK/ International: **+44 20 8515 2302**
US: **+1 480 629 9818**

A replay of the conference call will be available on the Company's website http://www.old.rt.ru/en/centr-invest/financial/IFRS/detail.php?SECTION_ID=1091 in due course.

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ATTACHMENTS:

1. Reconciliation of OIBDA;
2. Statement of Comprehensive Income for the six months, ended 30 June, 2011
3. Statement of Cash Flows for the six months, ended 30 June, 2011
4. Statement of Financial Position as at 30 June, 2011

¹² Exchange rate of Central Bank of Russia as of September 2, 2011

ATTACHMENT 1
Reconciliation of OIBDA

OIBDA is a non-U.S. GAAP and non-IFRS financial measure, which the Company defines as operating income before depreciation and amortization. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our business operations, including our ability to finance capital expenditures, acquisitions and other investments and our ability to incur and service debt. OIBDA should not be considered in isolation as an alternative to net income, operating income or any other measure of performance under U.S. GAAP or IFRS.

<i>RUB million</i>	2Q 2011	2Q 2010	% change, y-o-y	6M 2011	6M 2010	% change, y-o-y
Operating income	14,593	13,963	5%	28,813	28,976	(1%)
Add: Depreciation and amortization	14,220	12,740	12%	27,228	25,496	7%
OIBDA	28,813	26,703	8%	56,041,	54,472	3%
OIBDA margin, %	40.4%	39.6%		39.0%	40.4%	

ATTACHMENT 2**Statement of Comprehensive Income for the 3 and 6 months, ended June 30, 2011**

	Six month period ended		Three month period ended	
	30 June 2011 (unadited)	30 June 2010 (unadited)	30 June 2011 (unadited)	30 June 2010 (unadited)
Revenue	143,598	134,713	71,232	67,491
Operating expenses				
Wages, salaries, other benefits and payroll taxes	(40,227)	(35,211)	(19,502)	(18,204)
Depreciation and amortisation	(27,228)	(25,496)	(14,220)	(12,740)
Interconnection charges	(18,065)	(18,326)	(8,949)	(9,327)
Materials, utilities, repairs and maintenance	(13,796)	(12,569)	(6,728)	(6,512)
(Loss)/gain on disposal of property, plant and equipment	(308)	112	(303)	60
Bad debt expense	105	(486)	191	(36)
Other operating income	7,201	6,889	3,533	3,692
Other operating expenses	(22,467)	(20,650)	(10,661)	(10,461)
Total operating expenses, net	(114,785)	(105,737)	(56,639)	(53,528)
Operating profit	28,813	28,976	14,593	13,963
Income from associates	1,548	97	271	40
Finance costs	(6,647)	(5,989)	(3,406)	(2,691)
Other investing and financial (loss)/gain	404	1,299	(91)	639
Foreign exchange gain, net	741	(202)	72	(312)
Profit before income tax	24,859	24,181	11,439	11,639
Income tax expense	(5,747)	(5,445)	(2,889)	(2,878)
Profit for the year	19,112	18,736	8,550	8,761
Other comprehensive income				
Revaluation gain on available-for-sale investments	282	(80)	171	(92)
Income tax in respect of other comprehensive income (loss) items	(57)	15	(35)	17
Other comprehensive income for the year, net of tax	225	(65)	136	(75)
Total comprehensive income for the year	19,337	18,671	8,686	8,686
Profit attributable to:				
Equity holders of the Group	19,088	18,826	8,644	8,856
Non-controlling interests	24	(90)	(94)	(95)
Total comprehensive income attributable to:				
Equity holders of the Group	19,313	18,761	8,780	8,781
Non-controlling interests	24	(90)	(94)	(95)
Earnings per share attributable to equity holders of the Combined entity – basic (in RUB)	6.53	5.91	2.96	2.78
Earnings per share attributable to equity holders of the Combined entity – diluted (in RUB)	6.44	5.91	2.92	2.78

ATTACHMENT 3
Statement of Cash Flows for the 6 months, ended June 30, 2011

	<u>Six month period ended</u>	
	<u>30 June 2011</u>	<u>30 June 2010</u>
Cash flows from operating activities		
Profit before income tax	24,859	24,181
<i>Adjustments to reconcile profit before tax to cash generated from operations:</i>		
Depreciation and amortization	27,228	25,496
Loss/(gain) on disposal of property, plant and equipment	308	(112)
Bad debt allowance	411	698
Income from associates	(105)	486
Finance costs excluding finance costs on pension and other long-term social liabilities	(1,548)	(97)
Other investing and financing gains	5,981	5,688
Other non-cash gain	(404)	(1,299)
Foreign exchange gain, net	(741)	202
<i>Changes in net working capital:</i>		
Increase in accounts receivable	(3,993)	(3,839)
(Decrease)/increase in employee benefits	474	557
(Increase)/decrease in inventories	(1,346)	(555)
(Decrease)/increase in accounts payable, provisions and accrued expenses	(3,220)	(450)
Increase/(decrease) in other assets and liabilities	2,693	(16)
Cash generated from operations	50,597	50,940
Interest paid	(6,204)	(5,328)
Income tax paid	(3,230)	(3,875)
Net cash provided by operating activities	41,163	41,737
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(25,579)	(21,187)
Proceeds from sale of property, plant and equipment	628	249
Acquisition of financial assets	(4,054)	(2,048)
Proceeds from disposals of financial assets	6,006	13,932
Interest received	1,348	1,045
Dividends received from associates	16	114
Purchase of subsidiaries, net of cash acquired	(29,967)	(3,686)
Acquisition of equity accounted investees	(3,640)	-
Net cash used in investing activities	(55,242)	(11,581)
Cash flows from financing activities		
Purchase of treasury shares	(6)	(666)
Proceeds from bank and corporate loans	92,618	32,987
Repayment of bank and corporate loans	(76,272)	(40,747)
Proceeds from bonds	12	126
Repayment of bonds	(3,706)	(4,608)
Proceeds from promissory notes	13,146	2,161
Repayment of promissory notes	(13,494)	(2,205)
Repayment of vendor financing payable	(228)	(642)
Proceed from /(Repayment of) other non-current financing liabilities	42	(15)

Repayment of finance lease liabilities	(1,484)	(2,162)
Dividends paid to shareholders of the Group	-	(147)
Acquisition of non-controlling interest	(250)	-
Dividends paid to non-controlling shareholders of subsidiaries	(116)	-
Net cash provided by/(used) in financing activities	10,262	(15,918)
Net (decrease)/increase in cash and cash equivalents	(56)	(237)
Effect of exchange rate changes on cash and cash equivalents	(3,873)	14,001
Cash and cash equivalents at beginning of year	12,627	13,622
Cash and cash equivalents at the end of year	8,754	27,623

ATTACHMENT 4**Statement of Financial Position as at June 30, 2011, March 31, 2011, and 2010**

	30 June 2011 (unaudited)	31 March 2011 (unaudited)	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	304,492	303,943	301,068
Investment property	309	292	356
Goodwill and other intangible assets	62,320	60,004	30,209
Investment in associates	32,759	28,789	27,517
Other investments	13,189	12,946	10,589
Deferred tax assets	805	1,127	530
Other non-current assets	6,151	6,883	3,645
Total non-current assets	420,025	413,984	373,914
Current assets			
Inventories	5,725	4,907	4,156
Trade and other accounts receivable	30,876	33,153	25,284
Prepayments	2,635	2,762	1,993
Prepaid income tax	2,743	2,929	1,745
Other investments	2,364	7,938	5,580
Cash and cash equivalents	8,754	8,423	12,627
Other current assets	1,303	2,580	1,512
Total current assets	54,400	62,692	52,897
Total assets	474,425	476,676	426,811
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Group			
Share capital	106	100	100
Additional paid-in capital	33,424	33,424	33,424
Treasury shares	(25,416)	(25,416)	(25,410)
Retained earnings and other reserves	224,737	215,582	204,981
Total equity attributable to equity holders of the Group	232,851	223,690	213,095
Non-controlling interests	8,045	4,600	12
Total equity	240,896	228,290	213,107
Non-current liabilities			
Loans and borrowings	102,127	119,208	87,941
Employee benefits	16,671	16,123	16,197
Deferred tax liabilities	16,435	16,609	12,281
Accounts payable, provisions and accrued expenses	115	125	202
Other non-current liabilities	1,681	2,469	1,574
Total non-current liabilities	137,029	154,534	118,195
Current liabilities			
Loans and borrowings	48,117	51,519	50,096
Accounts payable, provisions and accrued expenses	37,994	34,625	38,935
Income tax payable	3,302	282	45
Other current liabilities	7,087	7,426	6,433
Total current liabilities	96,500	93,852	95,509
Total liabilities	232,529	248,386	213,704
Total equity and liabilities	474,425	476,676	426,811

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Rostelecom (www.rt.ru/en) is Russia's national telecommunications operator and now also includes the regional incumbent telecommunications operators (CentreTelecom, SibirTelecom, Dalsvyaz, Uralsvyazinform, VolgaTelecom, North-West Telecom and Southern Telecommunications Company) and Dagsvyazinform. Rostelecom has the largest domestic backbone network (approximately 500 thousand km) and last mile connections to approximately 35 million households in Russia. The Company holds licences to provide a wide range of telecommunications services (telephony, data, TV and value-added solutions) to residential, corporate and governmental subscribers and third party operators across all regions of the Russian Federation. The Rostelecom brand is one of Russia's ten most trusted brands (source: Romir market research).

Rostelecom's ordinary and preferred shares are traded on the RTS (RTKM, RTKMP) and MICEX (RTKM, RTKMP) stock exchanges, and its depository receipts are traded over-the-counter in the United States on the OTCQX under the symbol 'ROSYY'. Rostelecom is majority owned (53.2% of ordinary shares) by the Russian Government and has a free float of 40.7% of the outstanding ordinary shares and 71.1% of the outstanding preferred shares. Standard&Poor's has assigned Rostelecom a 'BB+' international credit rating with a 'Stable' outlook. Rostelecom had 29.0 million local fixed-line voice subscribers, 12.0 million mobile voice subscribers, 7.7 million fixed-line broadband subscribers and 5.6 million pay-TV subscribers at the end of the second quarter of 2011. The Group generated RUB 275.7 billion of combined and consolidated revenues, RUB 101.4 billion of OIBDA (36.8% of revenues) and RUB 31.3 billion of net income for the twelve months ended December 31, 2010.

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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.

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 and the Company's other public filings.*

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.