

Restructuring – 2nd Stage

April 02, 2012





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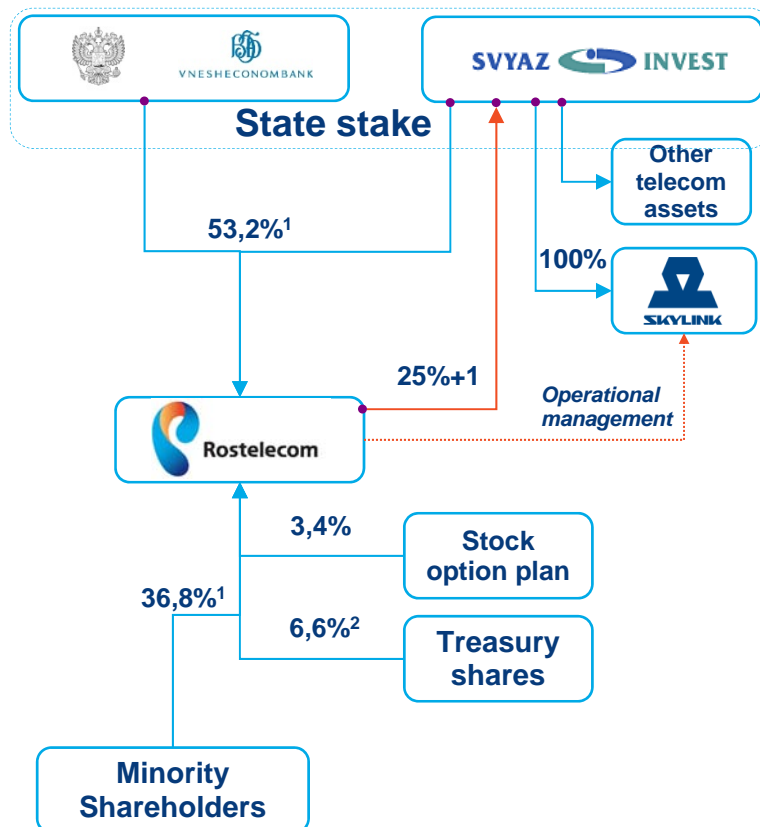
<u>Corporate Action</u>	<u>Description</u>
Acquisition of SkyLink from SvyazInvest	Non – cash transaction for c. 1.91% of treasury shares held by Mobitel (100% Rostelecom subsidiary).
Valuation	Valuation of both entities is performed by an independent consultant, drafting of merger agreement
Shareholders Meeting	Both entities conduct shareholders meetings to approve the merger
Minority shareholders buy-out	Rostelecom spends up to 10% of NAV to buy-out shares from minority shareholders who vote against merger or don't vote at all
Additional share issue of Rostelecom	Rostelecom issues additional shares in favor of State Property Agency
Shares conversion	Conversion of Rostelecom shares, and as a possibility - treasury shares cancellation
Merger technical issues	Registration of share issue reports with the Federal Financial Market Service, changes in Rostelecom charter (in respect of number of shares), notification of tax office regarding liquidation of Svyazinvest
Rostelecom / Svyazinvest Merger completion	Merger completed. Rostelecom is over 50% owned by the Government via State Property Agency and Vnesheconombank. Additionally the Company considers the possibility to merge all the subsidiaries into Rostelecom.



Rostelecom

Shareholders' structure

Current structure

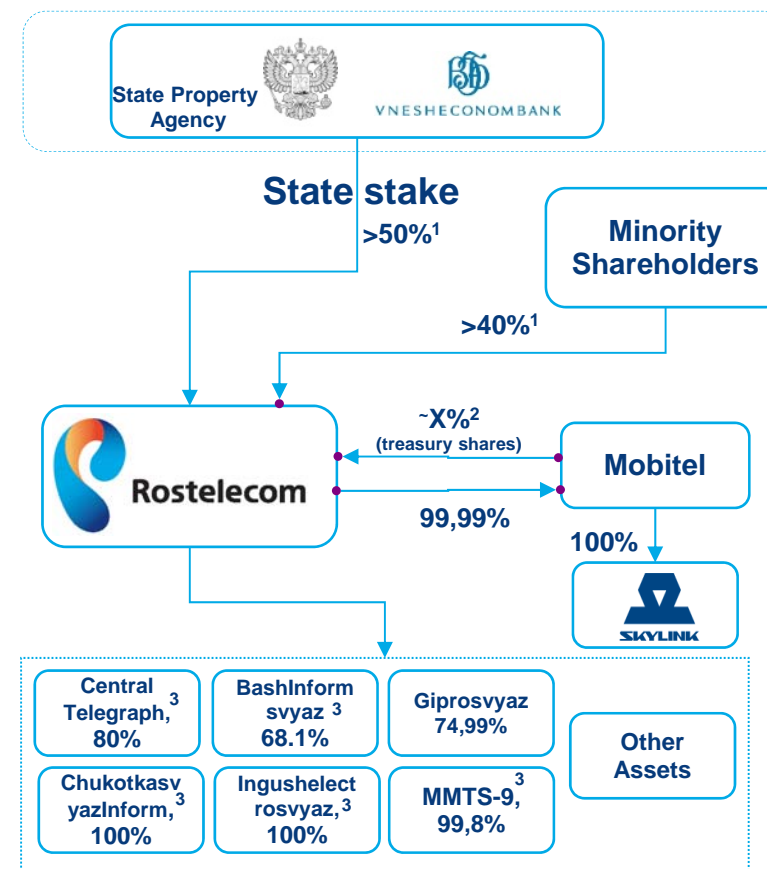


1- Percentage of voting shares

2 - X will depend on the valuation of Svyazinvest assets

3 – only after State Property agency contributes the assets into Svyazinvest

Target structure



* - additionally the Company considers the possibility to merge some of its subsidiaries into Rostelecom at the time of merger with Svyazinvest

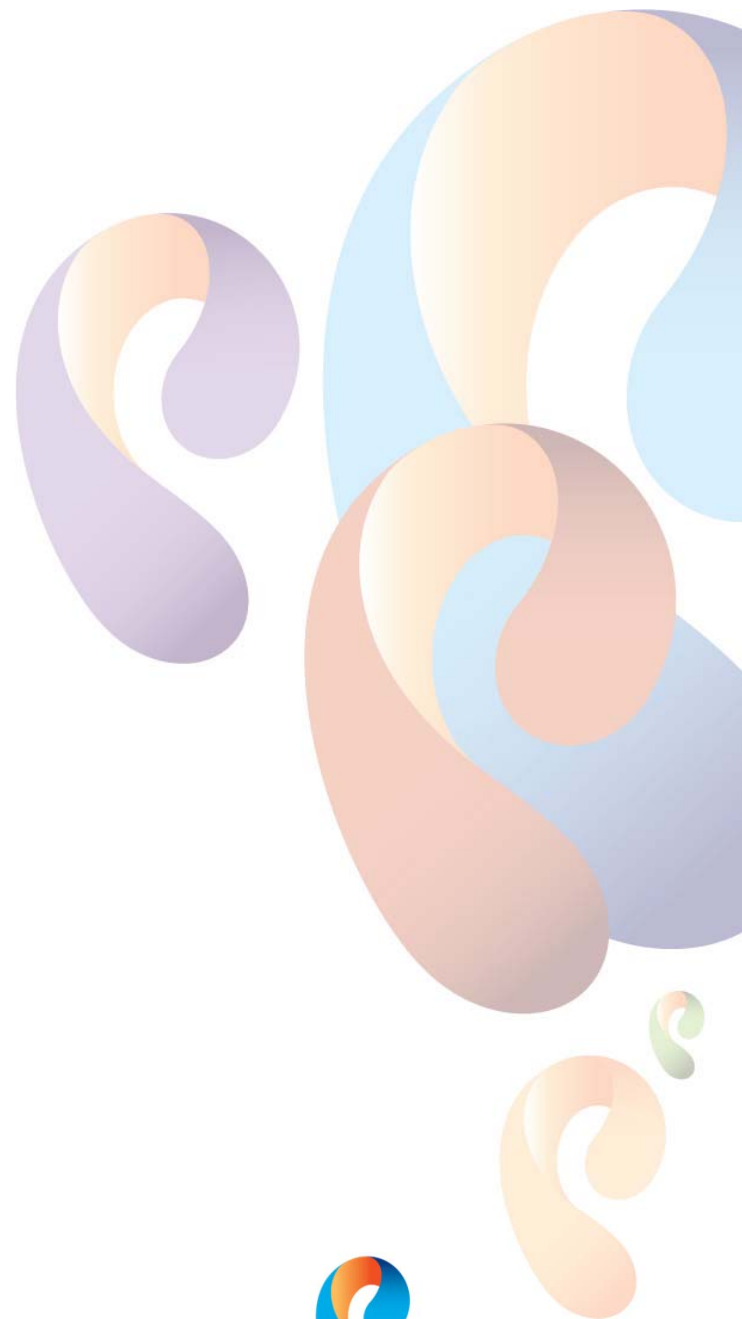
Assets to be obtained

From Svyazinvest			From State Property Agency via Svyazinvest ¹		
Name	Share	Description	Name	Share	Description
Central Telegraph	51%	Broadband provider in Moscow (Qwerty brand) with over 8% market share, CentralTelegraph building of over 20K m ² next to Kremlin	Central Telegraph	29%	Revenues in 2010 amounted to RUB 3.4 bln.
HyproSvyaz	74,99%	Leading engineering company in telecom sector	Bashinform svyaz	28.2%	Major fix-line provider in Bashkortostan with revenues of RUB 5.6 bln (2010). Good addition to current 39.8% acquired by Rostelecom in 2011
SkyLink	100%	CDMA operator with 1.5 mln mobile voice and 0.5 mobile data subs and 3G licenses for 69 regions	Chukotka Svyazinform	100%	Key telecom provider in Chukotka with reported revenues of over RUB400 mln in 2010
Kostroma GTS	37,29%	Telecom provider in Kostroma and Volgorechensk (fix voice, cable TV, VPN, broadband)	Ingushelectro svyaz	100%	Major telecom provider in Ingushetia
United Register Company	9.0%	Registrar	MMTS - 9	51%	Key collocation and hosting provider in Moscow with revenues of over RUB 471 mln in 2010. Good addition to 41.1% already owned by Rostelecom.

1 – after State Property agency contributes the assets into Svyazinvest

Appendix

Additional Information

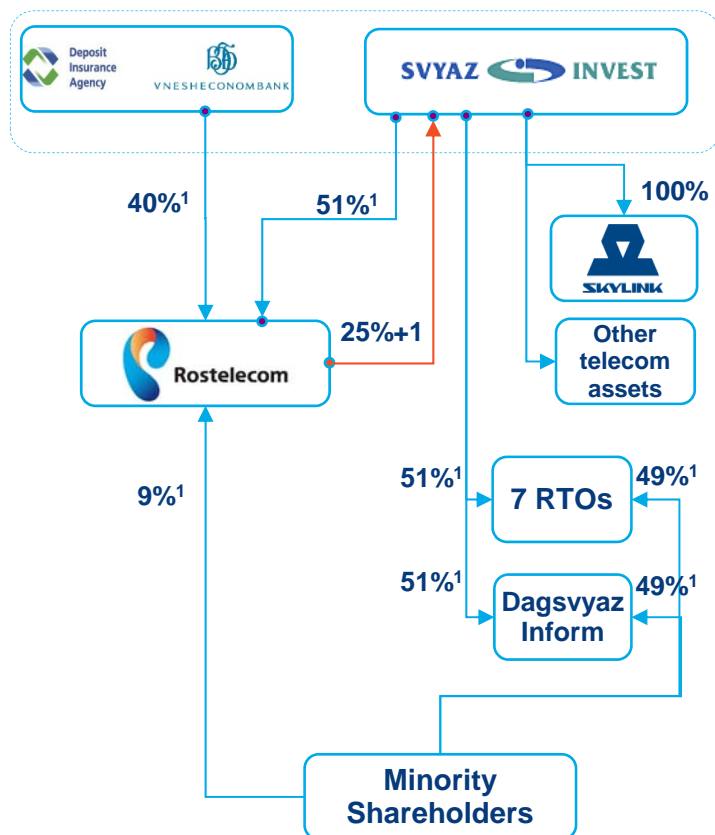


Milestones of the 1st Stage of Restructuring

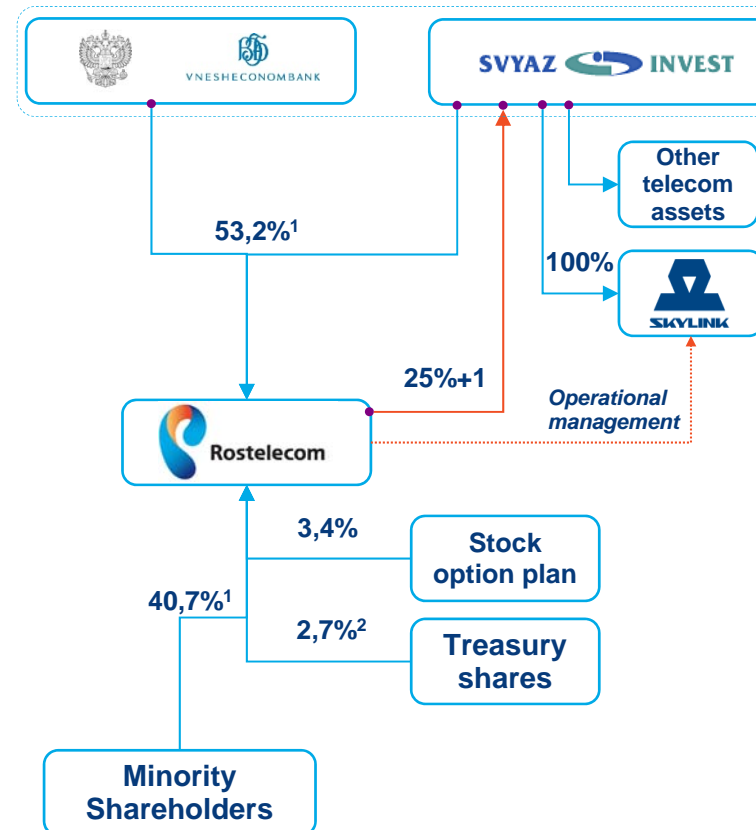
Date	Description
May - 2009	The Government Commission on Transport and Communication approved the concept of state –owned assets restructuring by means of merger of regional operators on the basis of OJSC Rostelecom.
Oct - 2009	SvyazInvest Board of Directors approved the merger of Regional Telecommunication Companies (RTOs) and OJSC Dagsvyazinform with OJSC Rostelecom.
June 2010	Obtaining of Corporate approvals - during Annual General Meetings of RTOs and Rostelecom the shareholders voted for the merger with Rostelecom and approved applicable SWOP ratios. The shareholders who voted against reorganization or did not vote at all gained the right to demand the redemption of own shares.
Oct - 2010	Rostelecom acquired 25%+1 share of Svyazinvest from COMSTAR Group for RUR 26.0 bln
Oct - 2010	Rostelecom and the RTOs repurchased shares representing, in aggregate, 2.7% of the ordinary shares and 28.8% of the preferred shares of the merged company, for approximately 14 billion rubles. The shares were repurchased from the Rostelecom and RTOs shareholders who voted against or did not vote on the reorganization.
Feb - 2011	Russian Federal Service for the Financial Markets (FSFM) registered the additional share issue of 2,216,163,000 ordinary shares with a nominal value of RUB 0.0025 each and bond issues of Rostelecom for up to RUR 31.56 bln. The share and bond issues were effected through the conversion of ordinary and preferred shares, and bonds, respectively, of RTOs and Dagsvyazinform into Rostelecom ordinary shares and bonds, respectively, during the merger process.
Mar 25, 2011	The RTOs and OJSC Dagsvyazinform provided the regulatory bodies with the required documents regarding the registration of termination of their activities in the Unified State Register of Legal Entities (the “EGRUL”)
Mar 28, 2011	Termination of RTO’s shares’ trading on MICEX
End of March, 2011	Rostelecom and each of the RTOs contributed their respective repurchased shares to the share capital of Mobitel, which became a 99.9% owned subsidiary of new Rostelecom when the merger was completed. Mobitel therefore holds 2.7% of Rostelecom’s outstanding ordinary shares and 28.8% of our preferred shares which we intend to use in M&A transactions and financing opportunities going forward.
Apr 1, 2011	Reorganization completed. RTOs’ shareholders get new Rostelecom shares in exchange of RTOs’ shares.
Apr 28, 2011	Registration of the additional share issue reports with FSFM
May 12, 2011	Commencement of trading of the new ordinary shares on MICEX
August 10, 2011	Merger of 17 ordinary share issues into 1 issue

1st Stage of restructuring: Shareholders' structure

Before April 01, 2011



Current structure



1- Percentage of voting shares

2 - Rostelecom also controls 28.8% of preferred shares of which 16.3% are under 2011-2013 stock option program



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