



Rostelecom Analyst Day

JUNE 5, 2012

Cloud Solutions

Alexey Nashchekin, Vice President, Innovative Development



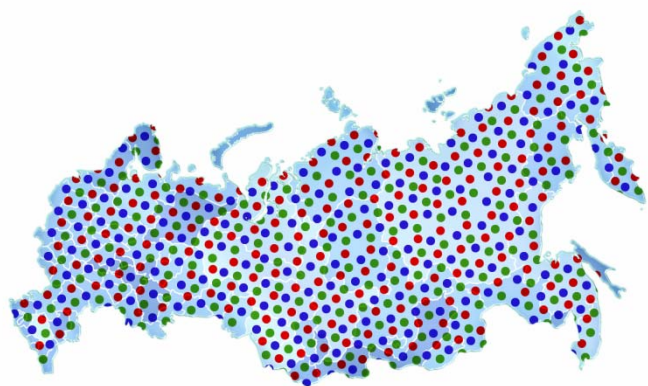


By attending any meeting where this presentation is made, or by reading any part of this presentation, you acknowledge and agree to be bound by the following:

- This presentation has been prepared by OJSC Rostelecom (the "Company"). This presentation is strictly confidential to the recipient, may not be distributed to the press or any other person, and may not be reproduced in any form, in whole or in part.
- The Company has included its own estimates, assessments, adjustments and judgments in preparing certain market information herein, which have not been verified by an independent third party. Market information included herein is, therefore, unless otherwise attributed exclusively to a third party source, to a certain degree subjective. While the Company believes that its own estimates, assessments, adjustments and judgments are reasonable and that the market information prepared by the Company appropriately reflects the industry and the markets in which it operates, there is no assurance that the Company's own estimates, assessments, adjustments and judgments are the most appropriate for making determinations relating to market information.
- Neither the Company nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.
- This presentation is confidential and does not constitute or form part of, and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity in any jurisdiction. Neither this presentation nor any part thereof, nor the fact of its distribution, shall form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.
- This presentation is not intended for publication or circulation in the United States. This presentation does not constitute and should not be construed as an offer to sell or the solicitation of an offer to buy securities in the United States or to any U.S. person (as defined in Regulation S under the US Securities Act of 1933 (the "Securities Act")). No securities of the Company have been, nor will be, registered under the Securities Act or the securities laws of any state of the United States, and unless so registered may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. This presentation does not constitute a public offering or an advertisement of securities in the Russian Federation and does not constitute an offer or a proposal to make offers or to acquire any securities in the Russian Federation.
- In any member state of the European Economic Area, this Presentation is made to and directed only at persons who are qualified investors within the meaning of article 2(1)(e) of the Prospectus Directive (2003/71/EC) ("Qualified Investors"). In addition, in the United Kingdom, this Presentation is made to and directed at: (i) investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") and (ii) high net worth individuals, and other persons to whom it may lawfully be communicated, falling within article 49(2)(A) to (D) of the Order (such persons together with Qualified Investors, being "Relevant Persons"). In these jurisdictions, persons who are not Relevant Persons must not rely on or act upon the information contained in this presentation or any of its contents. Any investment or investment activity to which this Presentation relates is only available to Relevant Persons and will be engaged in only with Relevant Persons. The recipients of the information contained herein should not base any behavior that would amount to market abuse for the purposes of the Financial Services and Markets Act 2000 ("FSMA") and the Code of Market Conduct made pursuant to the FSMA on the information in this Presentation or any information provided or discussed in connection with it.
- This presentation is not directed at, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. Persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions.

Extensive development

- Vast territory
- Lack of specialists for realizing significant projects
- Trillions of cost

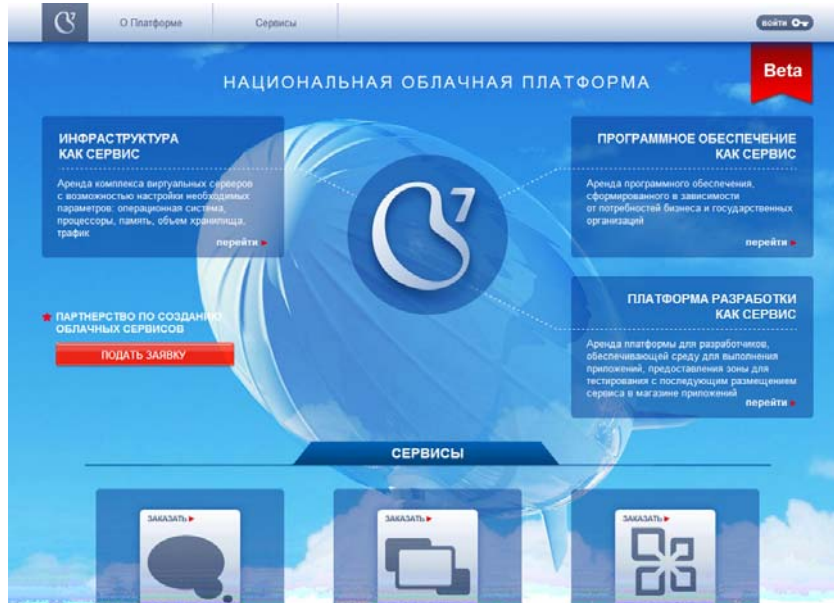


Innovative approach

- Developed infrastructure
- Concentration of resources
- Billions of saving

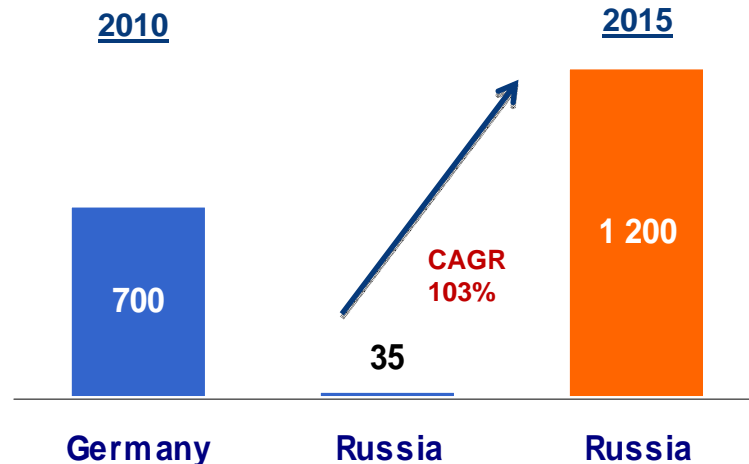


National cloud initiative: Upcoming leader in cloud computing solutions



- Outstanding market growth opportunities
- Significant advantages for users
 - ✓ 30 times IT related expenses reduction
 - ✓ 5 times lower systems implementation period
- Russian national cloud platform is 3 years ahead of US

Market opportunity for cloud computing (\$mm)



Source: IDS

Key growth drivers

- Low levels of informatisation
 - ✓ deployment of SaaS less challenging
- Increased focus of corporates on cost and operating efficiency
- Multi-faceted state support to innovative initiatives

Existing backbone and country-wide infrastructure: a unique competitive advantage

Partnerships with leading vendors

Consortium of 70+ software and content developers

Effective set of data centers across the country

Market-leading distributed data infrastructure

500,000+ km of company-owned backbone



- ✓ Microsoft
- ✓ 1C
- ✓ Others

- ✓ attempts to replicate are unviable due to lack of qualified content providers
- ✓ unrivalled Research and Development capabilities

- ✓ 99.7% assured redundancy level
- ✓ up to 10 GBit / sec
- ✓ integration with other IP-based services

- ✓ multi-standard network design in line with demand patterns
- ✓ unrivalled country-wide availability of 'last mile' solutions
- ✓ high network resiliency

- ✓ impenetrable barrier to entry for competition on a large scale
- ✓ continued investment maintain the network at the forefront of technology

e-Government: off to a strong start, unlimited potential ahead

Timely, relevant, appropriate

- ✓ all public services to be processed and administered electronically by 2015
- ✓ potential to serve >200,000 state agencies
- ✓ flexible annual fee schedule (RUB 10-30mm) major attraction for clients
- ✓ Ready-made solutions – fast and cost-efficient service offer

Complete infrastructure in place

- ✓ minimum incremental CAPEX required
- ✓ additional revenue generation from lease of channels

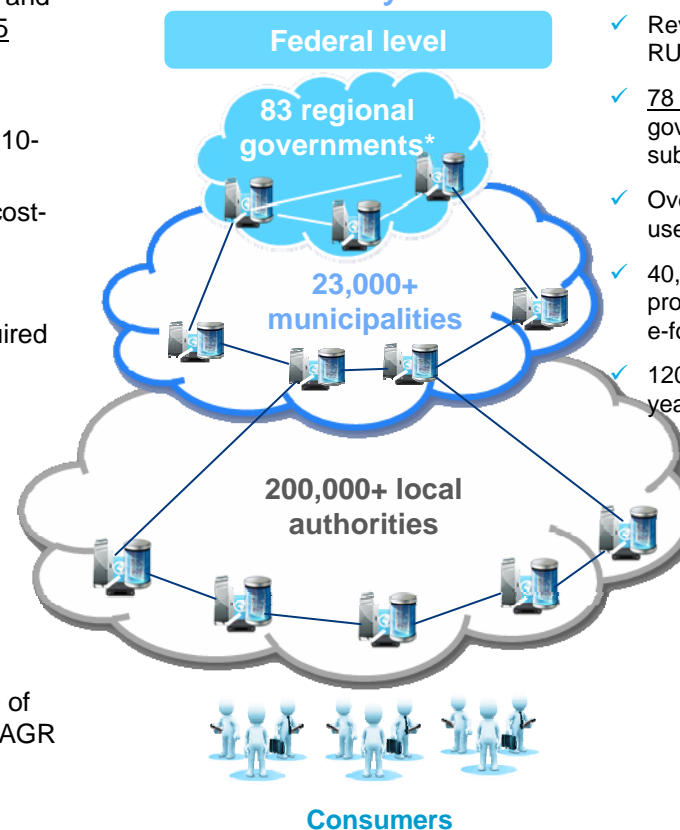
Synergies with the state programs

- ✓ Rostelecom is well-positioned positioned to capture substantial share of Government-sponsored national initiatives

Growing share of Rostelecom's revenue

- ✓ Revenue growth rates significantly surpassing Group-wide level – one of the highest projected 2010-2015 CAGR

e-Government Demand Pyramid



Key facts

- ✓ Revenue for 2011 over RUB 2.7 bln
- ✓ 78 out of 83 regional governments already subscribed
- ✓ Over 2 million subscribed users
- ✓ 40,000 public services provided of which 1,500 in e-format
- ✓ 120 million accesses for 2 years

Outstanding potential to build 2.7bn revenue business into a major future revenue generator



E-government

- ✓ United portal for public services
- ✓ Public services in e-format



O7. Medicine

- ✓ United electronic medical card
- ✓ E-front desk
- ✓ Medicine info systems



O7. Education

- ✓ E-School and E-Nursery
- ✓ Social network for school students
- ✓ Educational TV channel



O7. Housing

- ✓ Tariff and budget control
- ✓ Payments and financial assets



O7. City

- ✓ City infrastructure monitoring
- ✓ Predicting and prevention of emergency situations



O7. 112

- ✓ United contact number for admission and processing of messages
- ✓ Special services coordination



O7. DOC

- ✓ Office administration
- ✓ Document exchange



O7. Business

- ✓ Automation of key business processes
- ✓ Virtual office

Key facts

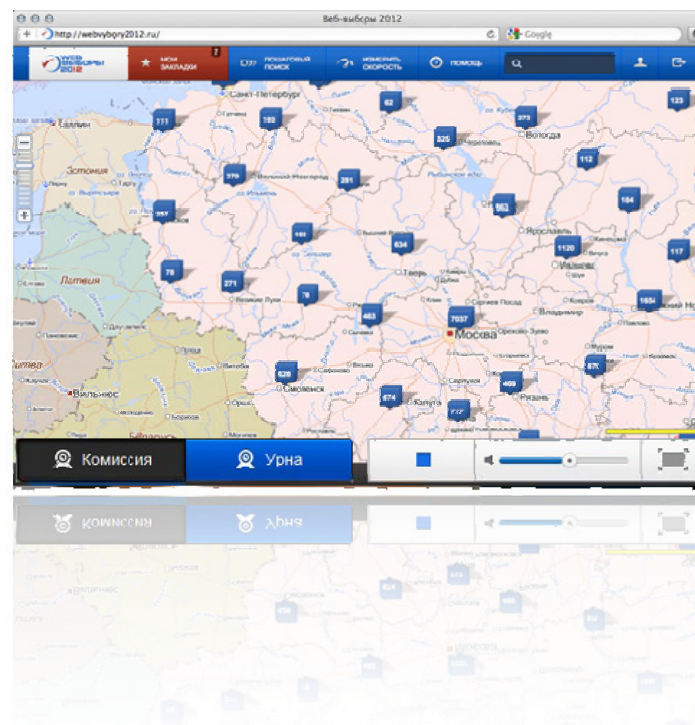
- ✓ The largest project of its kind in the world completed in record time (3 months)
- ✓ Over 3 million people followed the broadcast
- ✓ Over 500 million accesses during the elections day
- ✓ 450,000 simultaneous broadcasts at the peak

Rostelecom benefit

- ✓ RUB10bn+ of revenue
- ✓ Accelerated channels modernization and capacity increase
- ✓ Limited additional CAPEX spent – all investment in broadband modernization are in 2010-2015 CAPEX program

Future

- ✓ Broadcast of regional elections
- ✓ Infrastructure for O7. Education cloud service



M2M functionality: at the forefront of the global market trend

Driven by growth in global demand

- ✓ 108 mm M2M connections in 2011 globally (37% YoY)
- ✓ 2.1 bn M2M connections by 2020 to account for 4-5% of total traffic

Russian market surpassing global trends

- ✓ M2M connections CAGR (2011-2015) of 65%
- ✓ 2 mm M2M devices un 2011
- ✓ 18.5 mm M2M SIM cards by 2015

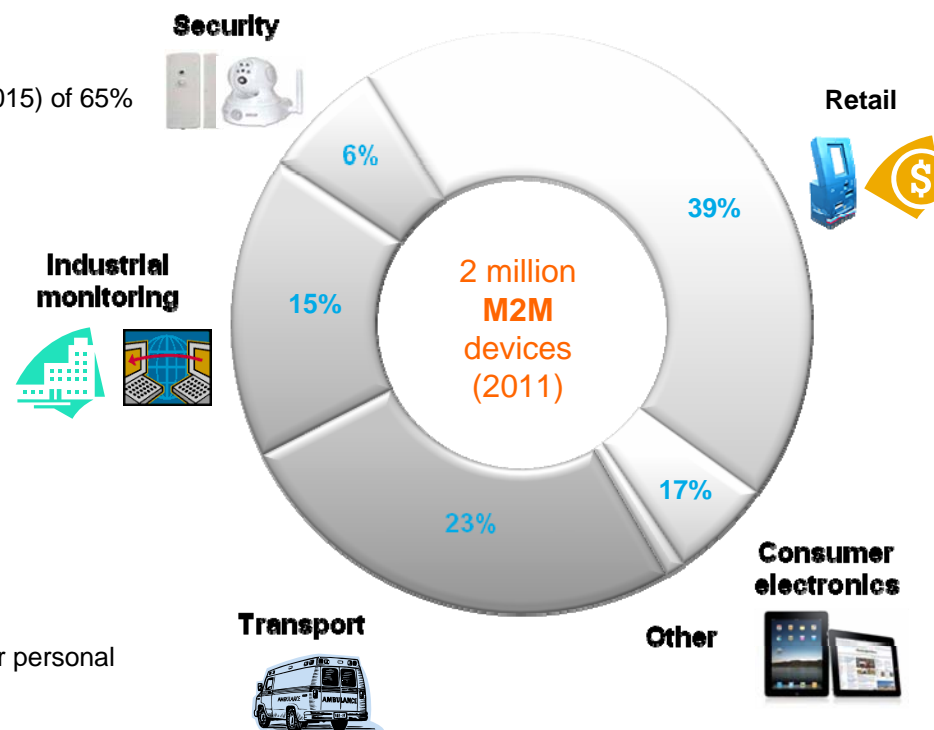
B2B currently the main driver...

- ✓ remote monitoring, transport and retail account for majority of connections
- ✓ increased customer loyalty
- ✓ access new category of corporate clients
- ✓ evolutionary way to integration with content provider

... but B2C holds biggest promise

- ✓ navigation, 'smart home' and other personal applications

Russian M2M market



Status of federal mobile operator and national fixed-line carrier will give Rostelecom a jump-start in the segment

Source: iKS-consulting, Direct Info

Capturing the growing demand

- ✓ revenue dynamics expected to capture significant portion of growth in demand from the overall Russian market
- ✓ projected annual market growth rate of 100%+
- ✓ potentially catching up with fixed broadband in terms of revenue generation by 2015

Investment requirement is reasonable

- ✓ technology becoming more affordable
- ✓ significant investment already made
- ✓ synergies with other lines of business
- ✓ Government projects accelerate investment

Developed infrastructure and scale to ensure cost optimization

- ✓ diversified pool of suppliers, application developers and service providers
- ✓ favorable contract terms and best-available quality
- ✓ ability to provide ready-made and fully-packaged solutions
- ✓ OIBDA margin for 2011 around 20% with upside potential in future

Over 70 software and content developers
Wide range of equipment providers



Ready-to-use solution



Superior growth with margins to be in line with Rostelecom average

Strategic combination of applied research with company vision



OVER **50** NEW
PRODUCTS



OVER **70**
RUSSIAN
IT COMPANIES



7 CORE ACADEMIC
DEPARTMENTS AND
COMPETENCE
CENTERS



NEW
DATA CENTERS



TELECOMMUNICATION
CLUSTER



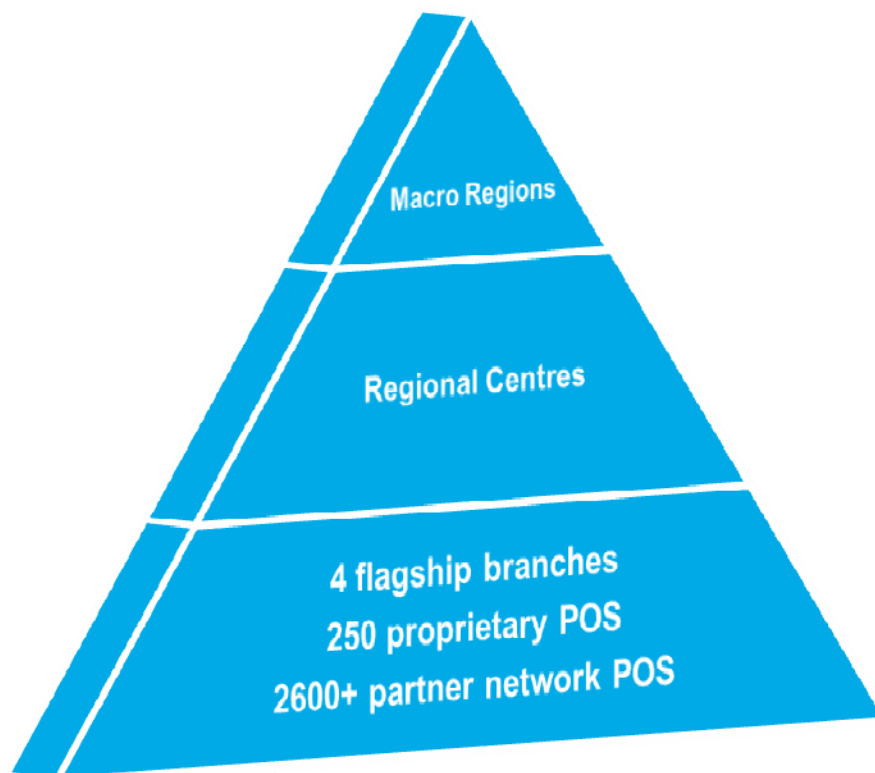
RT LABS
OPENING OF
ROSTELECOM
R&D CENTER IN 2012

OVER **RUB50BN** OF REVENUE FROM INNOVATIVE SERVICES IN 2015*
UNDISPUTABLE LEADERSHIP IN THE SEGMENT

** not limited to cloud computing*

Effective distribution and post-sale support underlie commercial success

Vertical distribution network provides country-wide reach



Post-sale support is a major attraction for corporate and state clients

