ROSTELECOM REPORTS COMBINED AND CONSOLIDATED IFRS FINANCIAL RESULTS FOR 2008 – 2010

Moscow – April 27, 2011 – Rostelecom OJSC (the "Group") (RTS, MICEX: RTKM, RTKMP; OTCQX: ROSYY), Russia's national telecommunications operator, today announced its unaudited combined and consolidated[1] IFRS financial results for 2008-2010.

FULL YEAR 2010 FINANCIAL HIGHLIGHTS

- Combined and consolidated revenues up 4% year on year to RUB 275.7 billion
- Adjusted OIBDA[2] up 8% year on year RUB 110.9 billion
- Increased adjusted OIBDA margin of 40.2% compared to 38.8% in the same period of 2009
- Adjusted Net income[2] up 49% year on year RUB 40.8 billion
- Capital expenditure[3] of RUB 51.8 billion represents 18.8% of combined revenues
- Adjusted Free cash flow[2] of RUB 45.3 billion
- Net debt[4] of RUB 119.8 billion (net debt/adjusted OIBDA of x1.1)

FULL YEAR 2010 OPERATING HIGHLIGHTS

- Total subscriber base for local telephony services remained almost flat year on year at 29.2 million
- Total broadband subscriber base up 26% year on year to 6.4 million (excluding 464 thousand subscribers of NTK, acquired in February, 2011)
- Total Pay-TV subscriber base up 22% year on year to 0.9 million (excluding 4.6 million subscribers of NTK)

[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, Adjusted OIBDA, Adjusted Operating and Net Income, Free Cash Flow and Adjusted Free Cash Flow

[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 billion	2010	2009	% change, y-o-y	2009	2008	% change, y-o-y
Revenue	**275.7**	**264.6**	***4%***	***264.6***	***258.9***	***2%***
OIBDA	101.4	101.6	*0%*	*101.6*	*89.4*	*14%*
OIBDA margin, %	*36.8%*	*38.4%*		*38.4%*	*34.5%*	
Adjusted OIBDA	**110.9**	**102.6**	***8%***	***102.6***	***94.4***	***9%***
Adjusted OIBDA margin, %	*40.2%*	*38.8%*		*38.8%*	*36.5%*	
Operating income	50.3	50.1	*1%*	*50.1*	*43.8*	*14%*
Operating margin, %	*18.2%*	*18.9%*		*18.9%*	*16.9%*	
Adjusted operating income	**59.7**	**51.1**	**17%**	**51.1**	**48.8**	**5%**
Adjusted operating margin, %	*21.7%*	*19.3%*		*19.3%*	*18.9%*	
Net income	31.3	26.3	19%	*26.3*	*27.0*	*(3%)*
Net margin, %	*11.4%*	*9.9%*		*9.9%*	*10.4%*	
Adjusted net income	**40.8**	**27.3**	**49%**	**27.3**	**32.0**	**(15%)**
Adjusted net margin, %	*14.8%*	*10.3%*		*10.3%*	*12.4%*	
Capital expenditures	**51.8**	**45.4**	**14%**	**45.4**	**66.7**	**(32%)**
% of revenue	*18.8%*	*17.1%*		*17.1%*	*25.8%*	
Free Cash Flow	**35.8**	**56.8**	**(37%)**	**56.8**	**11.7**	*391%*
Adjusted Free Cash Flow	**45.3**	**57.8**	**(22%)**	**57.8**	**16.6**	*249%*
Net debt	**119.8**	**82.0**	**46%**	**82.0**	**112.6**	*(27%)*
Net debt/OIBDA	*1.2*	*0.8*		*0.8*	*1.3*	
Net debt/Adjusted OIBDA	*1.1*	*0.8*		*0.8*	*1.2*	

OPERATING REVIEW

The Company's revenues increased by 4% year on year to RUB 275.7 billion in 2010. The performance reflected:

- 21% year on year increase in revenues from broadband internet services in line with 26% growth of broadband subscriber base to 6.4 million
- 7% year on year increase in revenues from local telephone services due to the regulated tariff increase for local telephony services in January 2010;
- 28% year on year increase in revenues from data services due to the enhanced sales to corporate clients;
- 13% year on year increase in revenues from mobile communication services due to increase in VAS and voice services and growth of subscriber base

which was partially offset by the 12% year on year decline in revenues from Domestic Long Distance and International Long Distance (DLD/ILD) telephony services mainly in line with ongoing change in customer patterns regarding the use of traditional long-distance services.

REVENUES STRUCTURE 2008-2010

RUB billion	2010	2009	% change, y-o-y	2009	2008	% change, y-o-y
Fixed Line						
Local telephony services	85.3	79.6	*7%*	79.6	76.4	*4%*
Intra-zone telephony services	23.7	25.2	*(6%)*	25.2	27.1	*(7%)*
DLD/ILD (including ILD traffic transit) telephony services	37.9	42.9	*(12%)*	42.9	47.0	*(9%)*
Interconnection and traffic transit services	13.0	14.3	*(9%)*	14.3	15.4	*(7%)*
Broadband Internet	39.6	32.7	*21%*	32.7	22.8	*43%*
Pay TV	1.1	0.9	*28%*	0.9	0.7	*32%*
Mobile communication services	32.0	28.3	*13%*	28.3	29.0	*(3%)*
Data services (VPN, data centres, wholesale Internet sales)	16.9	13.2	*28%*	13.2	12.4	*7%*
Rent of channels	11.0	12.2	*(9%)*	12.2	12.9	*(5%)*
Other	15.2	15.4	*(1%)*	15.4	15.3	*0.5%*
Total revenue	**275.7**	**264.6**	**4%**	**264.6**	**258.9**	**2%**

KEY OPERATING INDICATORS 2008-2010

Number of Subscribers (millions):	2010	2009	% change, y-o-y	2009	2008	% change, y-o-y
Local telephony	29.2	29.3	*0%*	29.3	29.5	*(1%)*
Mobile telephony[1]	12.0[2]	15.1	*n.a..*	15.1	14.6	*4%*
Broadband Internet access	6.4	5.1	*26%*	5.1	3.6	*41%*
Pay TV	0.9	0.7	*22%*	0.7	0.6	*13%*
Traffic (millions of minutes)						
Intra-zone	11.9	12.8	*(8%)*	12.8	13.9	*(8%)*
DLD	6.3	6.4	*(2%)*	6.4	7.4	*(14%)*
ILD	0.6	0.7	*(13%)*	0.7	0.9	*(19%)*

The Company's total operating expenses before depreciation and amortization increased by 7% year on year to RUB 174.3 billion in 2010. The performance primarily reflected:

- 9% year on year increase in personnel costs to RUB 73.1 billion including RUB 3.9 billion non-cash accrual of stock based compensation for employees (the program was launched in the middle of 2010) (personnel costs before abovementioned accruals increased by 3% year on year to RUB 69.2 billion)
- 16% year on year increase in other operating expenses to RUB 52.5 billion including RUB 5.0 billion impairment losses of which RUB 4.4 billion are related to Amdocs billing system (other operating expenses before impairment mentioned above increased by 5% year on year to RUB 47.5 billion including reorganization costs).

[1] Excluding Skylink Group
[2] Dynamics in mobile subscriber base reflect the switch to 3- months churn policy from 2010

STRUCTURE OF OPERATING EXPENCES[1] 2008-2010

RUB billion	2010	2009	% change, y-o-y	2009	2008	% change, y-o-y
Personnel costs	73.1	66.9	*9%*	66.9	66.9	*0%*
Interconnection charges	37.4	40.5	*(8%)*	40.5	40.9	*(1%)*
Materials, repair and maintenance, utilities	26.0	24.8	*5%*	24.8	22.7	*9%*
Other operating income	(14.6)	(14.3)	*3%*	(14.3)	(9.4)	*51%*
Other operating expenses	52.5	45.1	*16%*	45.1	48.4	*(7%)*
Total	174.3	163.1	*7%*	163.1	169.5	*(4%)*

Adjusted OIBDA was up 8% year on year to RUB 110.9 billion for the year to date with an increased adjusted OIBDA margin of 40.2% compared to 38.8% in 2009.

OIBDA remained flat year on year at RUB 101.4 billion in 2010 with OIBDA margin of 36.8% compared to 38.4% in 2009 due to one-off impairment related to Amdocs billing system and non-cash accrual of stock based compensation for employees.

Depreciation and amortization decreased by 1% year on year to RUB 51.1 billion. Capital expenditures increased by 14% year on year to RUB 51.8 billion, and primarily comprised investment in business development, broadband internet infrastructure, IT projects, new services and transmission lines.

The Company reported adjusted operating income of RUB 59.7 billion, representing a 17% year on year increase and an increased margin of 21.7%. The Company's operating income remained flat year on year at RUB 50.3 billion in 2010, representing a margin of 18.2%.

Other expenses were down 43% year on year to RUB 8.9 million despite the draw down of RUB 23.0 from Sberbank credit lines which was used to acquire 25% stake in Svyazinvest on September 30, 2010. The decrease in other expenses was primarily due to the decrease in financial expenses.

Profit before taxes increased by 21% year on year to RUB 41.4 billion in line with stable operating income and decreased other expenses.

Income tax increased by 24% year on year to RUB 10.0 billion due to increase in profit before tax, therefore effective tax rate was 24%, which is higher that Russian Statutory Income tax rate of 20% due to non-cash expenses and accruals, non-deductible for tax purposes.

The Company's adjusted net income increased by 49% of RUB 40.8 billion. The Company reported net income of RUB 31.3 billion, representing a 19% year on year increase.

FINANCIAL REVIEW

Cash generated by operating activities decreased by 1% year on year to RUB 85.0 billion in 2010 due to the decrease in working capital in line with increased trade and other receivables.

Cash used in investing activities increased by 23% and totaled RUB 69.3 billion and included the acquisition of the 25%+1 share stake in the charter capital of Svyazinvest from COMSTAR-UTS for RUB 26.0 billion and purchases of property, plant and equipment.

[1] Excluding depreciation and amortization

Free cash flow was RUB 35.8 billion, adjusted Free Cash Flow was RUR 45.3 billion.

Cash used in financing activities amounted to RUB 16.8 billion in 2010, and primarily comprised the buy-back of treasury shares, repayment of Group debt and dividends for 2009 and nine months of 2010.

The Group's cash and cash equivalents and short term investments therefore were RUB 12.6 billion at the end of the period.

The Group's total borrowings, including current and non-current obligations, were up 19% year on year to RUB 138.0 billion, and primarily comprised credits taken by the companies of the Group and RTOs' bonds. More than 90% of the Group's total debt was ruble denominated at the end of 2010. The Group's net debt was up 46% year on year to RUB 119.8 billion. The Group's net debt was equivalent to 1.2 times OBIDA, compared to 0.8 times at the end of 2009. The Group's net debt was equivalent to 1.1 times adjusted OBIDA, compared to 0.8 times at the end of 2009.

Full text of Audited Combined Financial Statements for the year ended 31 December 2010, Prepared In Accordance With International Financial Reporting Standards will be available at the Company's site http://www.rt.ru/en/centr-invest/financial/IFRS/detail.php?SECTION_ID=1072 in due course.

SIGNIFICANT EVENTS OF 2010 AND AFTER THE END OF REPORTING PERIOD

- On June 26, 2010 Annual General Meeting of Shareholders of OJSC Rostelecom approved the decision to establish an integrated Company by merging the RTOs and OJSC Dagsvyazinform with OJSC Rostelecom. The RTOs and OJSC Dagsvyazinform approved the reorganisation at their respective general shareholders' meetings in summer of 2010.
- On September 30, 2010, the Group acquired the 25%+1 share stake in the charter capital of Svyazinvest Telecommunication Investment Joint-Stock Company ("Svyazinvest") from COMSTAR-UTS for RUB 26.0 billion.
- The companies of the Group paid interim dividends for the first nine months of 2010 in the amount of RUB 7.5 billion.
- On February 04, 2011, the Group[1] completed the transaction to acquire 71.8% stake in OJSC National Telecommunications ("NTK"), largest independent cable TV operator and information provider in Russia. NTK's subscriber base as of December 31, 2010 comprised approximately 4.6 million TV subscribers (up 3% year on year) and 464 thousand broadband subscribers (up 1.5 times compared to 2009).
- The Group signed a memorandum of understanding about the joint development of LTE networks on the basis of infrastructure of Skartel LLC (Yota brand) with MTS OJSC, Vimpelcom OJSC, Megafon OJSC and Skartel LLC.
- On April 1, 2011, RTOs and OJSC Dagsvyazinform ("the merged companies") 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. The legal process of creating an integrated Group based on Rostelecom was completed.

[1] OJSC Rostelecom together with OJSC Uralsvyazinform and OJSC North-West Telecom

FOR MORE INFORMATION PLEASE CONTACT:

IR department
Masha Eliseeva
Tel. +7 (499) 995-97-80; +7 (985) 997 08 52
ir@rt.ru

ATTACHMENTS:

1. Reconciliation of OIBDA, Adjusted OIBDA, Adjusted Operating Income, Adjusted Net Income Free Cash Flow and Adjusted Free Cash Flow;
2. Combined Statement of Comprehensive Income for the year ended 31 December 2010
3. Combined Statement of Cash Flows for the year ended 31 December 2010
4. Combined Statement of Financial Position as at 31 December 2010

ATTACHMENT 1.

RECONCILIATION OF OIBDA, ADJUSTED OIBDA, ADJUSTED OPERATING INCOME, ADJUSTED NET INCOME, FREE CASH FLOW AND ADJUSTED FREE CASH FLOW.

RECONCILIATION OF OIBDA AND ADJUSTED 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.

RUB million	**2010**	**2009**	***% change, y-o-y***	**2009**	**2008**	***% change, y-o-y***
Operating income	50,280	50,053	*0%*	50,053	43,834	*14%*
Add: Depreciation and amortization	51,138	51,517	*(1%)*	51,517	45,572	*13%*
OIBDA	101,418	101,570	*0%*	101,570	89,406	*14%*
OIBDA margin, %	36.8%	38.4%		38.4%	34.5%	
Add: Impairment of property, plant and equipment	4,974	(163)	*n.a.*	(163)	2,027	*n.a.*
Add: Loss on sale and disposal of property, plant and equipment	542	1,185	*(54%)*	1,185	2,981	*(60%)*
Add: Non-cash stock bonus accruals	3,932	0		0	0	
OIBDA adjusted	110,866	102,592	*8%*	102,592	94,414	*9%*
Adjusted OIBDA margin	40.2%	38.8%	*0%*	38.8%	36.5%	

RECONCILIATION OF ADJUSTED OPERATING INCOME

RUB million	**2010**	**2009**	***% change, y-o-y***	**2009**	**2008**	***% change, y-o-y***
Operating income	50,280	50,053	*0%*	50,053	43,834	*14%*
Operating margin, %	18.2%	18.9%		18.9%	16.9%	
Add: Impairment of property, plant and equipment	4,974	(163)	*n.a.*	(163)	2,027	*n.a.*
Add: Loss on sale and disposal of property, plant and equipment	542	1,185	*(54%)*	1,185	2,981	*(60%)*
Add: Non-cash stock bonus accruals	3,932	0		0	0	
Adjusted Operating Income	59,728	51,075	*17%*	51,075	48,842	*5%*
Adjusted Operating margin, %	21.7%	19.3%		19.3%	18.9%	

RECONCILIATION OF ADJUSTED NET INCOME

RUB million	**2010**	**2009**	***% change, y-o-y***	**2009**	**2008**	***% change, y-o-y***
Net income, reported	31,338	26,263	*19%*	26,263	27,010	*(3%)*
Net margin, %	11.4%	9.9%		9.9%	10.4%	
Add: Impairment of property, plant and equipment	4,974	(163)	*n.a.*	(163)	2,027	*n.a.*
Add: Loss on sale and disposal of property, plant and equipment	542	1,185	*(54%)*	1,185	2,981	*(60%)*
Add: Non-cash stock bonus accruals	3,932	0		0	0	
Adjusted Net Income	**40,786**	**27,285**	*49%*	**27,285**	**32,018**	*(15%)*
Adjusted net margin, %	*14.8%*	*10.3%*		*10.3%*	*12.4%*	

RECONCILIATION OF FREE CASH FLOW

RUB million	**2010**	**2009**	***% change, y-o-y***	**2009**	**2008**	***% change, y-o-y***
Operating income, reported	50,280	50,053	*0%*	50,053	43,834	*14%*
Minus: Tax Expense	(9,704)	(5,441)	78%	(5,441)	(14,252)	(62%)
Add: Depreciation and amortization	51,138	51,517	(1%)	51,517	45,572	13%
Minus: Purchase of property, plant and equipment and intangible assets	(51,845)	(45,352)	14%	(45,352)	(66,681)	(32%)
Minus: (Increase)/ Add: Decrease in Working capital	(4,023)	6,019	(167%)	6,019	3,094	95%
Free Cash Flow	**35,846**	**56,796**	**(37%)**	**56,796**	**11,566**	*391%.*

RECONCILIATION OF ADJUSTED FREE CASH FLOW

RUB million	**2010**	**2009**	***% change, y-o-y***	**2009**	**2008**	***% change, y-o-y***
Operating income, reported	50,280	50,053	*0%*	50,053	,43,834	*14%*
Add: Impairment of property, plant and equipment	4,974	(163)	*n.a.*	(163)	2,027	*n.a.*
Add: Loss on sale and disposal of property, plant and equipment	542	1,185	*(54%)*	1,185	2,981	*(60%)*
Add: Non-cash stock bonus accruals	3,932	0	*n.a.*	0	0	*n.a.*
Adjusted Operating Income	**59,728**	**51,075**	***17%***	**51,075**	**48,842**	***5%***
Minus: Tax Expense	(9,704)	(5,441)	78%	(5,441)	(14,252)	(62%)
Add: Depreciation and amortization	51,138	51,517	(1%)	51,517	45,572	13%
Minus: Purchase of property, plant and equipment and intangible assets	(51,845)	(45,352)	14%	(43,352)	(66,681)	(32%)
Minus: (Increase)/ Add: Decrease in Working capital	(4 023)	6 019	(167%)	6 019	3 094	95%
Adjusted Free Cash Flow	**45,294**	**57,818**	**(21,7%)**	**57,818**	**16,574**	**249%**

ATTACHMENT 2

Combined Statement of Comprehensive Income for the year ended 31 December 2010

	Year ended 31 December		
	2010	**2009**	**2008**
Revenue	**275,731**	**264,645**	**258,921**
Operating expenses			
Wages, salaries, other benefits and payroll taxes	(73,142)	(66,926)	(66,936)
Depreciation, amortization and impairment	(51,138)	(51,517)	(45,572)
Interconnection charges	(37,374)	(40,502)	(40,892)
Materials, utilities, repairs and maintenance,	(25,954)	(24,769)	(22,727)
Other operating income	14,630	14,252	9,444
Other operating expenses	(52,472)	(45,130)	(48,404)
Total operating expenses	**(225,450)**	**(214,592)**	**(215,087)**
Operating profit	**50,280**	**50,053**	**43,834**
Income from equity accounted investees	239	216	111
Finance costs	(11,798)	(16,452)	(13,915)
Other investing and financial gains	2,745	3,237	11,524
Foreign exchange loss, net	(87)	(2,717)	(5,554)
Profit before income tax	**41,379**	**34,337**	**36,000**
Income tax expense	(10,041)	(8,074)	(8,990)
Profit for the year	**31,338**	**26,263**	**27,010**
Other comprehensive income			
Revaluation gain/(loss) on available-for-sale investments	198	594	(720)
Revaluation gain on available-for-sale investments transferred to profit on sale	-	(1)	(8,675)
Adjustment for fair value of net assets of acquired subsidiaries			267
Income tax in respect of other comprehensive income (loss) items	(41)	(82)	2,328
Other comprehensive income for the year, net of tax	**157**	**511**	**(6,800)**
Total comprehensive income for the year	**31,495**	**26,774**	**20,210**
Profit attributable to:			
Equity holders of the Combined entity	31,418	26,126	26,783
Non-controlling interests	(80)	138	227
Total comprehensive income attributable to:			
Equity holders of the Combined entity	31,575	26,63	19,973
Non-controlling interests	(80)	138	237
Earnings per share attributable to equity holders of the parent – basic and diluted (in RUB)	**10.06**	**8.20**	**8.41**

ATTACHMENT 3

Combined Statement of Cash Flows for the year ended 31 December 2010

	Year ended December 31,		
	2010	**2009**	**2008**
Cash flows from operating activities			
Profit before income tax	41,379	34,337	36,000
Adjustments to reconcile profit before tax to cash generated from operating activities:			
Depreciation and amortization	51,138	51,517	45,572
Loss on sale of property, plant and equipment	542	1,185	2,981
Impairment losses /(reversal of impairment losses)	4,974	(163)	2,027
Bad debt expense	682	1,068	802
Income from equity accounted investees	(239)	(216)	(111)
Finance costs excluding finance costs on pension and other long-term social liabilities	10,374	14,881	12,631
Other investing and financing gains	(2,744)	(3,237)	(11,524)
Foreign exchange loss, net	87	2,717	5,554
Share-based payment expenses	3,932	-	-
Changes in net working capital:			
(Increase) /decrease in accounts receivable	(3,626)	1,345	(2,819)
Increase in employee benefits	619	846	412
(Increase)/decrease in inventories	(367)	355	(281)
(Decrease)/increase in accounts payable, provisions and accrued expenses	(417)	2,360	1,867
(Decrease)/increase in other assets and liabilities	(232)	1,113	3,915
Cash generated from operations	**106,102**	**108,108**	**97,026**
Interest paid	(11,356)	(16,412)	(11,910)
Income tax paid	(9,704)	(5,441)	(14,252)
Net cash provided by operating activities	**85,042**	**86,255**	**70,864**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(51,845)	(45,352)	(66,681)
Proceeds from sale of property, plant and equipment	1,284	1,006	2,465
Acquisition of financial assets	(10,870)	(31,138)	(18,201)
Proceeds from disposals of financial assets	20,152	18,399	33,792
Interest received	2,286	2,513	900
Dividends received from associates	188	145	156
Purchase of subsidiaries, net of cash acquired	(4,470)	(1,814)	(2,532)
Proceeds from disposals of equity accounted investees	-	2	-
Proceeds from disposals of subsidiaries	-	-	14
Acquisition of equity accounted investees	(26,000)	(2)	273
Net cash used in investing activities	**(69,275)**	**(56,241)**	**(49,814)**
Cash flows from financing activities			
Purchase of treasury shares	(25,237)		
Proceeds from bank and corporate loans	123,353	44,384	51,535
Repayment of bank and corporate loans	(83,215)	(59,328)	(35,696)
Proceeds from bonds	126	13,390	6,987
Repayment of bonds	(11,077)	(19,712)	(15,099)
Proceeds from promissory notes	5,340	3,515	4,313
Repayment of promissory notes	(7,276)	(5,306)	(5,952)
Repayment of vendor financing payable	(890)	(1,724)	(1,405)
Proceeds from / (repayment of) other non-current financing liabilities	47	(26)	33
Repayment of finance lease liabilities	(3,764)	(5,097)	(6,063)
Acquisition of non-controlling interest	(82)		
Dividends paid to shareholders of Combined entity	(14,106)	(6,099)	(7,836)
Dividends paid to non-controlling shareholders of subsidiaries		(50)	(7)
Net cash used in financing activities	**(16,781)**	**(36,053)**	**(9,190)**
Effect of exchange rate changes on cash and cash equivalents	**20**	**33**	**(118)**
Net increase/(decrease) in cash and cash equivalents	**(994)**	**(6,006)**	**11,742**
Cash and cash equivalents at beginning of year	**13,621**	**19,627**	**7,885**
Cash and cash equivalents at the end of year	**12,627**	**13,621**	**19,627**

ATTACHMENT 4

Combined Statement of Financial Position as at 31 December 2010

	31 December 2010	31 December 2009	31 December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	301,068	293,497	307,078
Investment property	356	330	94
Goodwill and other intangible assets	30,024	32,623	33,428
Investment in equity accounted investees	27,517	1,197	1,087
Other investments	10,589	4,074	516
Deferred tax assets	530	193	156
Other non-current assets	3,645	5,308	5,192
Total non-current assets	**373,729**	**337,222**	**347,551**
Current assets			
Inventories	4,156	3,789	4,144
Trade and other accounts receivable	25,200	22,243	23,588
Prepayments	1,993	1,700	1,372
Prepaid income tax	1,745	1,882	3,351
Other investments	5,580	20,622	11,514
Cash and cash equivalents	12,627	13,621	19,627
Current other asset	1,781	2,101	3,456
Total current assets	**53,082**	**65,958**	**67,052**
Total assets	**426,811**	**403,180**	**414,603**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Combined entity			
Share capital	100	100	100
Additional paid-in capital	33,424	33,424	33,424
Treasury shares	(25,410)	(67)	(67)
Retained earnings and other reserves	204,981	184,026	163,028
Total equity attributable to equity holders of the Combined entity	**213,095**	**217,483**	**196,485**
Non-controlling interests	12	(72)	1,648
Total equity	**213,107**	**217,411**	**198,133**
Non-current liabilities			
Loans and borrowings	87,941	67,092	79,523
Employee benefits	16,197	15,578	14,732
Deferred tax liabilities	12,281	11,124	9,981
Accounts payable, provisions and accrued expenses	202	44	108
Long-term other liabilities	1,574	1,766	1,878
Total non-current liabilities	**118,195**	**95,604**	**106,222**
Current liabilities			
Loans and borrowings	50,096	49,104	64,172
Accounts payable, provisions and accrued expenses	38,935	34,960	39,908
Income tax payable	45	292	18
Current other liabilities	6,433	5,809	6,150
Total current liabilities	**95,509**	**90,165**	**110,248**
Total liabilities	**213,704**	**185,769**	**216,470**
Total equity and liabilities	**426,811**	**403,180**	**414,603**

* * *

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 and MICEX stock exchanges under the symbols 'RTKM' and 'RTKMP', 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 44.5% of the outstanding ordinary shares and 71.2% of the outstanding preferred shares. Standard&Poor's has assigned Rostelecom a 'BB' international credit rating with a 'Stable' outlook.

* * *

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.