PRESS RELEASE

ROSTELECOM REPORTS IFRS FINANCIAL RESULTS FOR THE FOURTH QUARTER AND TWELVE MONTHS OF 2010

Moscow – March 31, 2011 – Rostelecom OJSC (the "Company") (RTS, MICEX: RTKM, RTKMP; OTCQX: ROSYY), Russia's national telecommunications operator, today announced its unaudited consolidated[1] IFRS financial results for the fourth quarter and twelve months ended December 31, 2010.

FOURTH QUARTER FINANCIAL HIGHLIGHTS

- Consolidated revenues up 3% year on year to RUB 17.2 billion;
- Revenues from new and value-added services including electronic government up 37% year on year to RUB 7.2 billion, and accounted for 42.0% of the Company's consolidated revenues compared to 31.4% for the corresponding period in 2009;
- Adjusted OIBDA[2] of RUB 2.3 billion (excluding RUB 350.0 million of non-cash accrual of stock based compensation for employees) with an adjusted OIBDA margin of 13.6%;
- Adjusted net loss of RUB 0.8 billion;
- Capital expenditure of RUB 2.0 billion – representing 11.6% of consolidated revenues.

TWELVE MONTHS FINANCIAL HIGHLIGHTS

- Consolidated revenues of RUB 63.0 billion;
- Revenues from new and value-added services including electronic government up 13% year on year to RUB 23.7 billion, and accounted for 37.7% of the Company's consolidated revenues compared to 32.0% for the corresponding period in 2009;
- Adjusted OIBDA of RUB 11.4 billion (excluding RUB 811.0 million of non-cash accrual of stock based compensation for employees) with an adjusted OIBDA margin of 18.0%;
- Adjusted net income of RUB 2.5 billion[3)];
- Capital expenditure of RUB 10.0 billion – representing 15.9% of consolidated revenues.

KEY RECENT DEVELOPMENTS

- On September 30, 2010, Rostelecom 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 Company, OJSC Center Telecom, OJSC Sibirtelecom, OJSC Dalsvyaz, OJSC Volga Telecom, OJSC North-West Telecom, OJSC Uralsvyazinform, OJSC Southern Telecommunications Company ("RTOs") paid interim dividends for the first nine months of 2010 in the amount of RUB 7.5 billion.
- The extraordinary general meeting of the Company's shareholders did not approve the proposed amendments to the Company's Charter, related to the allocation of 10% of the Company's net income for the full year as dividend payment on class A preferred shares.

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[1] Rostelecom OJSC and its subsidiaries as at December 31, 2010 that are subject to consolidation under IFRS standards.

[2] See Attachment 1 for the reconciliation of OIBDA and Adjusted OIBDA, adjusted Operating Income and Adjusted Net Income.

[3] Net Income and Adjusted Net Income numbers are preliminary as do not reflect respective share in OJSC Svyazinvest Net Income

- On December 8, 2010, Standard & Poor's Ratings Services issued a report, stating that its "BB" long term corporate credit rating with "Stable" outlook for the Company was kept unchanged.
- On February 04, 2011, the Company, together with OJSC Uralsvyazinform and OJSC North-West Telecom, completed the transaction to acquire 71.8% stake in OJSC National Telecommunications ("NTK"), largest independent cable TV operator and information provider in Russia, for a cash consideration of RUB 27.9 billion. NTK's subscriber base as of September 30, 2010 comprised approximately 5.0 million subscribers, including 4.5 million TV subscribers and 431 thousand broadband subscribers.
- On February 17, 2011, Russian Federal Service for the Financial Markets 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 the Company for up to RUR 31.56 bln. The share and bond issues will be effected through the conversion of ordinary and preferred shares, and bonds, respectively, of RTOs and OJSC Dagsvyazinform into the Company's ordinary shares and bonds, respectively, during the ongoing merger process.
- The Company 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.

FINANCIAL SUMMARY

RUB billion	4Q 2010	4Q 2009	% change, y-o-y	12m 2010	12m 2009	% change, y-o-y
Revenue	**17.2**	**16.7**	***3%***	***63.0***	***65.5***	***(4%)***
OIBDA	2.0	3.0	(34%)	*10.5*	*12.5*	*(16%)*
OIBDA margin, %	*11.6%*	*17.9%*	*n.a.*	*16.8%*	*19.1%*	*n.a.*
Adjusted OIBDA	**2.3**	**3.0**	**(22%)**	***11.4***	***12.5***	***(9%)***
Adjusted OIBDA margin, %	*13.6%*	*17.9%*	*n.a.*	*18.0%*	*19.1%*	*n.a.*
Operating income	(1.1)	0.3	*n.a.*	*1.9*	*4.3*	*(56%)*
Operating margin, %	*(6.3%)*	*2.0%*	*n.a.*	*3.0%*	*6.5%*	*n.a.*
Adjusted operating income	**(0.7)**	**0.3**	**n.a.**	**2.7**	**4.3**	**(36%)**
Adjusted operating margin, %	*(4.3%)*	*2.0%*	*n.a.*	*4.3%*	*6.5%*	*n.a.*
Net income	(1.1)	0.2	n.a.	*1.7*	*3.5*	*(52%)*
Net margin, %	*(6.5%)*	*1.2%*	*n.a.*	*2.7%*	*5.3%*	*n.a.*
Adjusted net income	**(0.8)**	**0.2**	**n.a.**	**2.5**	**3.5**	**(28%)**
Adjusted net margin, %	*(4.5%)*	*1.2%*	*n.a.*	*3.9%*	*5.3%*	*n.a.*
Total comprehensive income	(0.7)	0.4	n.a.	***2.1***	*3.9*	*(48%)*
Capital expenditures	**2.0**	4.9	*(59%)*	***10.0***	*9.0*	*12%*
% of revenue	***11.6%***	*29.0%*	*n.a.*	***15.9%***	*13.7%*	*n.a.*

The Company generated RUB 17.2 billion of revenues for the fourth quarter of 2010, compared to RUB 16.7 billion for the corresponding period of 2009. The 3% year on year increase reflected:

- Accelerating revenue growth from new and value-added services (primarily electronic government and data services);
- Gradual decrease in revenues from traditional voice domestic and international long-distance (DLD/ILD) services.

Revenue from new and value-added services grew by 37% year on year to RUB 7.2 billion in the fourth quarter of 2010, and accounted for 42.0% of the Company's consolidated revenues, compared to 31.4% for the corresponding period in 2009. The increase reflected the mixed effect of:

- 30% year on year increase in revenues from data transmission services (including Internet access services for operators ("wholesale Internet") and corporate clients, as well as VPN services) to RUB 3.5 billion;
- 30% year on year decrease in revenues from leased line services to RUB 1.0 billion, primarily due to the construction of networks by other telecom operators.

Revenues from traditional voice domestic and international long-distance (DLD/ILD) services declined by 13% year on year to RUB 10.0 billion and accounted for 58.0% of the Company's consolidated revenue in the fourth quarter of 2010, compared to 68.6% in the corresponding period of 2009. The decrease in revenues from traditional services was mainly in line with ongoing change in customer patterns regarding the use of traditional long-distance services.

The Company's revenues for the year to date declined by 4% year on year to RUB 63.0 billion. The performance reflected:

- Gradual decrease in revenues from traditional voice domestic and international long-distance (DLD/ILD) services which still represent the largest part of the revenues.
- Accelerating revenue growth from new and value-added services (primarily electronic government and data services).

Operating expenses before depreciation, impairment of property, plant and equipment (PP&E) and gain on disposal of PP&E and the RUB 350.0 million non-cash accrual of stock based compensation for employees for the fourth quarter of 2010, increased by 8% year on year to RUB 14.8 billion, primarily due to the payment of annual bonuses for the full year 2010, reflection of full year expenses related to electronic government project. The Company's total operating expenses for the fourth quarter of 2010 were up 11% year on year to RUB 18.3 billion, including impairment related to Amdocs billing system.

Operating expenses before depreciation, impairment of property, plant and equipment (PP&E) and gain on disposal of PP&E and RUB 811.0 million of non-cash accrual of stock based compensation for employees for the year to date decreased by 3% year on year to RUB 51.6 billion. Total operating expenses for the year to date remained unchanged year on year at RUB 61.1 billion.

Adjusted OIBDA in the fourth quarter of 2010 decreased by 22% year on year to RUB 2.3 billion in the fourth quarter of 2010 with OIBDA margin of 13.6%, compared to 17.9% in the corresponding period of 2009. Adjusted OIBDA was down 9% year on year to RUB 11.4 billion for the year to date adjusted OIBDA margin of 18.0% compared to 19.1% in the same period of 2009.

Depreciation decreased by 5% year on year to RUB 1.9 billion in the fourth quarter of 2010 and remained stable year on year to RUB 7.6 billion for the year to date. Capital expenditures decreased by 59% year on year to RUB 2.0 billion in the fourth quarter of 2010 and 12% year on year increase to RUB 10.0 billion for the year to date.

The Company reported adjusted operating loss of RUB 0.7 billion in the fourth quarter of 2010 and adjusted operating income of RUB 2.7 billion for the year to date.

Interest expenses increased 9 times year on year in the fourth quarter due to the draw down of RUB 23.0 from Sberbank credit lines which was used to acquire 25% stake in Svyazinvest on September

30, 2010. Interest expense increased three times year on year to RUB 691.0 million for the year to date.

The Company reported adjusted net loss of RUB 0.8 billion in the fourth quarter and adjusted net income of RUB 2.5 billion for the year to date.

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Consolidated Financial statements of Rostelecom for 2010 made in accordance with IRFS will be available at the Company's site in due course.

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Attachments:

1. Reconciliation of OIBDA, Adjusted OIBDA, Adjusted Operating Income and Adjusted Net Income;
2. Consolidated Statements of Comprehensive Income
3. Consolidated Statements of Cash Flows
4. Consolidated Statements of Financial Position

PRESS RELEASE

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Attachment 1

RECONCILIATION OF OIBDA, ADJUSTED OIBDA, ADJUSTED OPERATING INCOME AND ADJUSTED NET INCOME

OIBDA is a non-U.S. GAAP and non-IFRS financial measure, which the Company defines as operating income before depreciation, amortization, loss from impairment of PP&E, goodwill and other intangible assets as well as loss on disposal of PP&E. 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	4Q2010	4Q2009	Growth, %	12m2010	12m2009	Growth, %
Operating income	(1,087)	334	*n.a.*	1,866	4,264	(56%)
Add: Depreciation and amortization	1,892	1,997	(5%)	7,584	7,580	0.1%
Add: Impairment of property, plant and equipment	1,080	-	*n.a.*	1,082	-	*n.a.*
Add: Loss/Less (gain) on sale and disposal of property, plant and equipment	104	665	84%	17	647	97%
OIBDA reported	**1,989**	**2,996**	**(34%)**	**10,549**	**12,491**	**(16%)**
OIBDA margin reported	***11.6%***	***17.9%***	***n.a.***	***16.8%***	***19.1%***	***n.a.***
Add: Non-cash stock bonus accruals	3,50	-	*n.a.*	811	-	*n.a.*
OIBDA adjusted	**2,339**	**2,996**	**(22%)**	**11,360**	**12,491**	**(9%)**
Adjusted OIBDA margin	***13.6%***	***17.9%***	***n.a.***	***18.0%***	***19.1%***	***n.a.***

RECONCILIATION OF ADJUSTED OPERATING INCOME

RUB million	4Q2010	4Q2009	Growth, %	12m2010	12m2009	Growth, %
Operating income reported	(1,087)	334	*n.a.*	1,866	4,264	(56%)
Add: Non-cash stock bonus accruals	350	-	*n.a.*	811	-	*n.a.*
Adjusted Operating Income	**(737)**	**334**	***n.a.***	**2,677**	**4,264**	**(37%)**
Adjusted Operating margin	***(4.3)%***	***2.0%***	***n.a.***	***4.3%***	***6.5%***	***n.a.***

RECONCILIATION OF ADJUSTED NET INCOME

RUB million	4Q2010	4Q2009	Growth, %	12m2010	12m2009	Growth, %
Net income, reported	(1,123)	195	*n.a.*	1,671	3,456	(52%)
Add: Non-cash stock bonus accruals	350	-	*n.a.*	811	-	***n.a.***
Adjusted Net Income	**(773)**	**195**	***n.a.***	**2,482**	**3,456**	**(28%)**
Adjusted net margin	***(4.5%)***	***1.2%***	***n.a.***	***3.9%***	***5.3%***	***n.a.***

Attachment 2

Consolidated Statements of Comprehensive Income

Revenue	**4Q 2010**	**4Q 2009**	**FY 2010**	**FY 2009**
Telephone traffic	9,967	11,483	39,218	44,527
Rent of channels	1,015	1,459	5,313	6,958
Data transmission services	3,478	2,672	12,238	9,014
Other revenue	2,720	1,132	6,198	5,011
Total revenue	**17,180**	**16,746**	**62,967**	**65,510**
Operating expenses				
Charges by network operators – national	(5,977)	(6,087)	(23,601)	(24,596)
Wages, salaries, other benefits and payroll taxes, excl. non-cash stock bonus accruals	(3,207)	(2,628)	(10,282)	(10,197)
Charges by network operators – international	(2,220)	(2,258)	(8,224)	(9,625)
Taxes other than on income	(196)	(164)	(713)	(649)
Bad debt recovery/ (expense)	4	97	17	28
Other operating expenses	(3,245)	(2,710)	(8,804)	(7,980)
Operating expenses before depreciation, impairment and gain on disposal of PP&E and stock bonus accruals	**(14,841)**	**(13,750)**	**(51,607)**	**(53,019)**
Non-cash stock bonus accruals	(350)	0	(811)	0
Depreciation and amortization	(1,892)	(1,997)	(7,584)	(7,580)
Impairment of property, plant and equipment	(1080)	0	(1082)	0
Gain on sale and disposal of property, plant and equipment	(104)	(665)	(17)	(647)
Total operating expenses	**(18,267)**	**(16,412)**	**(61,101)**	**(61,246)**
Operating profit	**(1087)**	**334**	**1,866**	**4,264**
Gain from associates	13	(6)	48	4
Interest expense	(505)	(57)	(691)	(234)
Interest income	326	224	1,435	1,568
Loss on sale of financial assets	0	6	0	(81)
Other non-operating income	(8)	7	14	49
Foreign exchange loss, net	(6)	(37)	(227)	(893)
Profit before tax	**(1,266)**	**471**	**2,445**	**4,677**
Current tax charge	21	(346)	(615)	(1,270)
Deferred tax charge	122	70	(159)	49
Income tax expense	**(143)**	**(276)**	**(774)**	**(1,221)**
Profit for the period	**(1,123)**	**195**	**1,671**	**3,456**
Other comprehensive income, net of tax				
Valuation gain on available-for-sale financial assets	525	200	530	506
Income tax relating to valuation gain on available-for-sale financial assets	(105)	(40)	(106)	(68)
Other comprehensive income for the period, net of tax	**420**	**160**	**424**	**438**
Total comprehensive income for the period	**(703)**	**355**	**2,095**	**3,894**
Profit attributable to :				
Equity holders of the Company	(1,135)	231	1,765	3,673
Non-controlling interest	12	(36)	(94)	(217)
Total comprehensive income attributable to :				
Equity holders of the Company	(715)	391	2,189	4,111
Non-controlling interest	12	(36)	(94)	(217)
Earnings per share attributable to equity holders of the Company – basic and diluted (in Russian Rubles)	**(1.26)**	**0.24**	**1.85**	**3.78**

Attachment 3

Consolidated Statements of Cash Flows

RUB million	**Twelve-month periods ended**	
	December 31,2010 (unaudited)	**December 31, 2009 (audited)**
Cash flows from operating activities		
Profit before income tax	2,445	4,677
Adjustments to reconcile net income before tax to cash generated from operating activities:		
Depreciation and amortization	7,584	7,580
Impairment of property, plant and equipment	1082	-
Bad debt (recovery)/ expense	(17)	(28)
Gain from associates	(48)	(4)
Gain on sale of property, plant and equipment	17	647
Loss on sale of financial assets	-	81
Net interest income	(744)	(1,334)
Other non-operating income	(14)	(49)
Foreign exchange loss, net	227	893
Share-based payment transactions expenses	811	-
Changes in net working capital:		
Increase in accounts receivable	352	1,472
Decrease in inventories	52	34
Decrease in payables and accruals	(462)	(1,512)
Cash generated from operations	**11,285**	**12,457**
Interest paid	(637)	(236)
Interest received	1,559	1,278
Income tax paid	(723)	(212)
Net cash provided by operating activities	**11,483**	**13,287**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(9,226)	(8,742)
Proceeds from sale of property, plant and equipment	194	236
Purchase of financial assets, other than available-for-sale	(2179)	-
Proceeds from sale of financial assets, other than available-for-sale, net of direct costs	(1,686)	(20,182)
Purchase of available-for-sale investments	14,350	13,176
Dividends received from associates	9	14
Purchase of associates	(26,000)	-
Net cash used in investing activities	**(24,538)**	**(15,496)**
Cash flows from financing activities		
Proceeds from interest bearing loans	24,213	284
Repayment of interest bearing loans and loan facilities	(1,828)	(883)
Repayment of lease obligations	(34)	(56)
Redemption of treasury shares	(6,071)	-
Dividends paid	(2,655)	(2,110)
Net cash received from/ (used in) financing activities	**13,625**	**(2,765)**
Effect of exchange rate changes on cash and cash equivalents	**68**	**(22)**
Net increase/ (decrease) in cash and cash equivalents	**637**	**(4,996)**
Cash and cash equivalents at the beginning of period	**6,996**	**11,992**
Cash and cash equivalents at the end of period	**7,633**	**6,996**

Attachment 4

Consolidated Statements of Cash Flows

RUB million	December 31, 2010 (unaudited)	December 31, 2009 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	41,019	40,249
Goodwill and other intangible assets	3,400	3,743
Investments in associates	26,187	152
Long-term financial assets	2,610	1,037
Other non-current assets	312	117
Total non-current assets	**73,528**	**45,298**
Current assets		
Inventories	380	432
Accounts receivable	8,299	8,751
Prepaid income tax	422	321
Short-term financial assets	1,887	14,947
Cash and cash equivalents	7,633	6,996
Total current assets	**18,621**	**31,447**
Total assets	**92,149**	**76,745**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	100	100
Treasury shares	(6,071)	-
Retained earnings and other reserves	60,790	61,274
Total equity attributable to equity holders of the Company	**54,819**	**61,374**
Non-controlling interest	(271)	(177)
Total equity	**54,548**	**61,197**
Non-current liabilities		
Borrowings, net of current portion	23,084	-
Finance lease payable	111	436
Accounts payable, provisions and accrued expenses	214	213
Deferred tax liability	1,670	1,609
Total non-current liabilities	**25,079**	**2,258**
Current liabilities		
Accounts payable, provisions and accrued expenses	8,139	8,603
Finance lease payable	46	95
Taxes payable	963	692
Vendor financing payable	1,919	1,780
Current portion of long-term borrowings	1,455	1,980
Short-term borrowings	0	140
Total current liabilities	**12,522**	**13,290**
Total liabilities	**37,601**	**15,548**
Total equity and liabilities	**92,149**	**76,745**

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Rostelecom (www.rt.ru/en) is Russia's national telecommunications operator. The Company owns and operates a nationwide network (about 160,000 km in length), enabling Rostelecom to handle the majority of long-distance and international voice traffic transmission as well as TV and radio broadcasting channels in Russia. The Company is a major provider of telecommunications services to state organizations and governmental agencies. Additionally, Rostelecom is the domestic market leader in the wholesale Internet services segment.

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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.