PRESS RELEASE

ROSTELECOM ANNOUNCES ITS DEVELOPMENT STRATEGY FOR 2011-2015

Moscow, Russia – May 27, 2011 – Rostelecom (the "Company") (MICEX: RTKM, RTKM-002D - RTKM-017D, RTKMP; RTS: RTKM, RTKMP; OTCQX: ROSYY), Russia's national telecommunications operator, today announces its development strategy for the period of 2011-2015, which has been approved by the Board of Directors on May 13, 2011.

According to the market research conducted by the Company, the structure of the Russian telecommunications market is currently undergoing significant changes and Rostelecom shall therefore focus on the development of wireline and wireless broadband services for private clients and the corporate services segment, in order to further strengthen the Company's market positions.

The approved strategy document indicates that the Company expects to generate stable top line growth between 2011-2015, which will be driven by an increase in market share of up to 50% (by the number of subscribers) in the wire-line broadband segment, 22% in the wireless broadband segment and 30% in the pay-TV segment. The projected revenue growth is primarily expected to be achieved through the streamlining of Rostelecom's sales function, but also through selective investments in the most promising wire-line and wireless broadband business segments and through the expansion of backbone capacity. This increased capacity will allow the Company to offer a broader range of services and higher speed to consumers. Capital investments to revenue ratio is expected to be at the average level of 20% for the 5-year period, primarily in 2011 and 2012.

Measures that are taken to improve operating efficiency are expected to drive OIBDA margin growth. In accordance with the Company's financial policy, its net debt to OIBDA ratio will not exceed 2x during the implementation period of the development strategy.

The Development strategy initiatives for 2011-2015 comprise the following objectives:

1. To develop its mobile business on a federal level with a primary focus on data transmission, including the use of SkyLink resources;
2. To aggressively develop mass market broadband services;
3. To expand pay-TV services by transforming the Company from an infrastructure to content provider;
4. To maintain the traditional fixed line business through service bundling and a differential approach to tariff setting;
5. To improve Rostelecom's market position in the corporate and public sector segments;
6. To optimise its services for telecoms operators
7. To develop its business in Moscow, including the integration of NTK
8. To increase operational efficiency and capitalise on synergies resulting from the merger;
9. To integrate the combined entities into a single Rostelecom brand.

Alexander Provotorov, Chief Executive Officer of Rostelecom, commented: "Rostelecom's new Development strategy will help the Company attaining leading market positions in terms of revenues and subscribers across all segments of the Russian telecommunications sector. Rostelecom intends to become a universal operator, providing a comprehensive range of services to Russian citizens, businesses, the state and other telecommunications operators across Russia".

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For more information please visit www.rt.ru/en or contact:

Investor Relations Department
Masha Eliseeva
Tel. +7 (985) 997 08 52
ir@rt.ru

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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, RTKM-002D - RTKM-017D, 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 44.1% 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 29.2 million local fixed-line voice subscribers, 12.0 million mobile voice subscribers, 6.4 million fixed-line broadband subscribers and 0.9 million pay-TV subscribers at the end of 2010. The Group generated RUB 275.7 billion of combined and consolidated revenues, RUB 110.9 billion of adjusted OIBDA (40.2% of revenues) and RUB 40.8 billion of adjusted 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.