PRESS RELEASE

ROSTELECOM REPORTS ITS AUDITED CONSOLIDATED FULL YEAR 2008 RESULTS UNDER IFRS

Moscow – June 18, 2009: Rostelecom (NYSE: ROS; RTS, MICEX: RTKM, RTKMP), Russia's national telecommunications operator, today announced its audited consolidated financial results for the full year ended December 31, 2008 in accordance with International Financial Reporting Standards (IFRS):

Highlights

- *Consolidated revenue for the full year 2008 increased by 3.1% to RUB 66.6 billion;*
- *Revenue from data transmission and intelligent network services (INS) grew by 2.8 times year on year to RUB 6.7 billion totaling 10% of the Rostelecom's consolidated revenue;*
- *Full year 2008 OIBDA[1] rose by 28.5% to RUB 14.3 billion, representing an OIBDA margin of 21.4%;*
- *2008 FY net profit amounted to RUB 12.2 billion representing a year-on-year increase of 4.3 times.*

In 2008, Rostelecom ("the Company") delivered positive financial results whilst continuing to diversify its business through the development of innovative services.

Revenues and Positioning in Major Markets

Rostelecom's consolidated revenue for the full year 2008 increased by 3.1% year on year amounting to RUB 66,629.0 million. Through the proactive development and promotion of new services, the Company continues to increase its presence in the innovative service market segments.

Overall, the Company's 2008 revenue from new and value-added services, including data services, INS, leased lines, and customer equipment services among others, grew by 26.6% year on year to RUB 18,486.0 million. Revenue from data transmission services saw a dramatic four fold increase year on year to RUB 5,437.0 million[2], while revenues from intelligent network services rose to RUB 1,251.0 million representing a year on year increase of 10.4%.

At the end of 2008, Rostelecom and its subsidiaries in the wholesale Internet services market had an approximately 30% share of the market.

In 2008, through further diversification of its business, the Company substantially increased the share of innovative services in the revenue mix. Compared to 2007, the share of data and intelligent network services more than doubled amounting to 10.0% of Rostelecom's consolidated revenue. The share of traditional voice domestic and international long-distance (DLD/ILD) services amounted to 72% of the Company's consolidated revenue.

In the traditional telecom segments, the Company maintained its stable position with a 50% market share of the incoming international traffic termination and transit market. Full year 2008 incoming ILD traffic totaled 3,305.7 million minutes representing an increase of 8.0% year on year. Revenue from international

[1] 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.

[2] Including revenue of RTComm.RU from data transmission services totaling RUB 2,022.0 million.

operators for incoming ILD traffic termination and transit rose by 13.0% year on year to RUB 6,450.0 million.

Domestic long-distance (DLD) traffic grew 0.5% year on year to 10,229.2 million minutes, while the 2008 DLD revenues decreased by 7.4% to RUB 29,611.0 million. Under the changes in the fixed-line market structure, among other things attributable to the migration of DLD traffic from fixed-line to mobile networks, in order to provide customers with competitive tariffs the Company has adopted a flexible pricing policy which yielded steady DLD traffic volume but a decrease in DLD revenue.

Outgoing international long-distance (ILD) traffic increased 11.2% year on year totaling 2,024.1 million minutes. Revenues from ILD services to Russian end-customers and operators amounted to RUB 12,082.0 million, a decrease of 1.9% year on year. The decrease in revenues was primarily attributable to the increased competition as well as the changes in the outgoing ILD traffic mix.

At the end of 2008, Rostelecom's share in the market of DLD/ILD services to Russian residential & corporate end-customers amounted to more than 50%.

In the residential fixed-line DLD/ILD service market, Rostelecom continues to consolidate its dominant position maintaining an 85% market share at the end of 2008.

By continuing to diversify the business in 2008 through the development of innovative services, Rostelecom has demonstrated its strength and sustainability in the Russian telecommunications market.

Operating Expenses, OIBDA, Operating profit and Investment Program

Rostelecom's full year 2008 operating profit increased by 2.3 times year on year to RUB 6,820.0 million, with an operating margin of 10.2%. This reflects an increase in overall revenue alongside a material decrease in the Company's operating expenses.

OIBDA grew by 28.5% year on year to RUB 14,274.0 million representing an OIBDA margin of 21.4%.

Total operating expenses for 2008 amounted to RUB 59,809.0 million, representing a decrease of 2.9% year on year and was primarily attributed to the reduction in payments made to Russian operators which decreased 7.6% year on year to RUB 25,743.0 million. This decrease was mainly due to the elimination of a compensation surcharge as of January 1, 2008[1]. Payments to international operators rose 11.4% year on year to RUB 8,706.0 million as a result of an increase in the volume of outgoing ILD traffic and international transit traffic as well as the devaluation of the Russian Rouble in the forth quarter of 2008.

Staff costs for the full year 2008 totaled RUB 9,473.0 million, representing an increase of 8.1% year on year. This was a result of the consolidation of RTComm.RU's results from July 1, 2008, a scheduled increase in the salary budget as well as retention of staff necessary to further support marketing, sales and customer services.

In order to continue the process of business optimization and streamlining the organizational structure, the overall headcount for OJSC Rostelecom and its subsidiaries was reduced by 0.7% year on year to 22,372 employees as of December 31, 2008.

[1] According to regulatory requirements, from January 1, 2006 through January 1, 2008 Rostelecom as a long-distance operator was obligated to pay a compensation surcharge to local and intra-regional operators occupying a "significant position" in the market for the initiation of DLD/ILD calls.

In 2008, Rostelecom continued to invest in the modernization and expansion of its nationwide network as well as in the development of technical and IT infrastructure for the provision of innovative services. Full year capital expenditures increased by 9.6% year on year to RUB 7.8 billion and are likely to increase to approximately RUB 8.7 billion in 2009. The key objective of Rostelecom's investment program is to enable the Company to further diversify its business pursuing new avenues for growth while sustaining solid positions in major markets and traditional segments.

Other Income/Loss

Other income for the full year 2008 amounted to RUB 9,324.0 million from RUB 815.0 million in 2007, an eleven fold increase year on year. The increase is due to significant additional income following the sale of investments as well as double digit growth in net interest income that offset a foreign exchange loss.

In February of 2008, OJSC Rostelecom sold its stake in Golden Telecom, Inc. and the profit from this transaction before tax amounted to RUB 8,666.0 million.

Consolidation

Full year 2008 consolidated financial statements include the results of operations of OJSC Rostelecom and its subsidiaries: GlobalTel, Globus-Telecom, Zebra Telecom, MTs NTT, RTComm.RU, Westelcom amongst others. Operating results of RTComm.RU are included in these consolidated financial statements starting from July 1, 2008, when Rostelecom acquired full control of the company.

Net profit

In 2008 Rostelecom's consolidated net profit increased by 4.3 times and totaled RUB 12,182.0 million. Net margin amounted to 18.3%.

Rostelecom will host its full year 2008 results conference call on June 18, 2009 beginning at 9.30 AM (Eastern US) / 2.30 PM (London) / 5.30 PM (Moscow). A listen-only webcast of the call will be available both live, and for replay purposes, on the Investor Center page of Rostelecom's website at www.rt.ru/en/icenter.

Appendices:

1. Financial highlights: 2008 versus 2007 in RUB;
2. Traffic and revenue figures for 2008 versus 2007;
3. Condensed consolidated profit and loss statements for the full year ended December 31, 2008 and December 31, 2007 in RUB;
4. Condensed consolidated balance sheets as of December 31, 2008 and December 31, 2007 in RUB.

Appendix I

Financial highlights: 2008 versus 2007 in RUB

RUR million	2008	2007	% change, y-o-y
Revenue	**66,629**	**64,602**	***3.1%***
Operating expenses, incl.	**59,809**	**61,573**	***-2.9%***
Depreciation	7,174	7,613	*-5.8%*
Loss on disposal of property, plant and equipment	65	197	*-67.0%*
Impairment of PP&E, goodwill and other intangible assets	215	271	*-20.7%*
OIBDA	**14,274**	**11,110**	***28.5%***
OIBDA margin, %	*21.4%*	*17.2%*	*n/a*
Operating income	**6,820**	**3,029**	***125.2%***
Operating margin, %	*10.2%*	*4.7%*	*n/a*
Net profit	**12,182**	**2,806**	***334.1%***
Net margin, %	*18.3%*	*4.3%*	*n/a*

Appendix II

Traffic and revenue figures for 2008 versus 2007

	2008	2007	% change, y-o-y
DLD traffic			
Traffic, mln min	**10,229.2**	**10,174.8**	**0.5%**
Revenue, RUB mln	**29,611.0**	**31,973.0**	**-7.4%**
Outgoing ILD traffic			
Traffic, mln min	**2,024.1**	**1,820.1**	**11.2%**
Revenue, RUB mln	**12,082.0**	**12,317.0**	**-1.9%**
International operators			
Traffic, mln min	**3,305.7**	**3,062.2**	**8.0%**
Revenue, RUB mln	**6,450.0**	**5,710.0**	**13.0%**
Leased line services			
Revenue, RUB mln	**7,710.0**	**7,725.0**	**-0.2%**
Other			
Revenue, RUB mln, incl.	**10,776.0**	**6,877.0**	**56.7%**
Data transmission services	5,437.0	1,292.0	by a factor of 4.2
Intelligent network services (INS)	1,251.0	1,133.0	10.4%
Customer equipment servicing	1,334.0	1,160.0	15.0%

Appendix III

Condensed consolidated profit and loss statements for the full year ended December 31, 2008 and December 31, 2007 in RUB

RUB million	2008	2007	% change, y-o-y
Revenue from telephone traffic transmission	***48,143.0***	***50,000.0***	***-3.7%***
DLD	29,611.0	31,973.0	*-7.4%*
Outgoing ILD	12,082.0	12,317.0	*-1.9%*
Incoming ILD (termination and transit)	6,450.0	5,710.0	*13.0%*
Revenue from leased line services	***7,710.0***	***7,725.0***	***-0.2%***
Other revenue	***10,776.0***	***6,877.0***	***56.7%***
Total revenue	**66,629.0**	**64,602.0**	***3.1%***
Payments to Russian operators	(25,743.0)	(27,860.0)	*-7.6%*
Payments to international operators	(8,706.0)	(7,817.0)	*11.4%*
Wages, salaries, etc.	(9,473.0)	(8,763.0)	*8.1%*
Taxes other than on income	(618.0)	(703.0)	*-12.1%*
Bad debt recovery/ (expense)	32.0	(815.0)	*n.a.*
Other operating expenses	(7,847.0)	(7,534.0)	*4.2%*
Total operating expenses before depreciation, loss on disposal of PP&E and impairment of PP&E, goodwill and other intangible assets	**(52,355.0)**	**(53,492.0)**	***-2.1%***
OIBDA	**14,274.0**	**11,110.0**	***28.5%***
OIBDA margin, %	***21.4%***	***17.2%***	***n.a.***
Depreciation	(7,174.0)	(7,613.0)	*-5.8%*
Loss on disposal of property, plant and equipment	(65.0)	(197.0)	*-67.0%*
Impairment of PP&E, goodwill and other intangible assets	(215.0)	(271.0)	*-20.7%*
Total operating expenses	**(59,809.0)**	**(61,573.0)**	***-2.9%***
Operating profit	**6,820.0**	**3,029.0**	***125.2%***
Operating margin, %	***10.2%***	***4.7%***	***n.a.***
(Loss)/ gain from associates	***(71.0)***	***156.0***	***n.a.***
Other income, incl.	***9,324.0***	***815.0***	***by a factor of 11.4***
Interest expense	*(268.0)*	*(238.0)*	*12.6%*
Interest income	*1,646.0*	*907.0*	*81.5%*
Income from sale of investments	*8,670.0*	*-*	*n.a.*
Foreign exchange (loss)/ gain, net	*(788.0)*	*183.0*	*n.a.*
Other non-operating loss, net	*64.0*	*(37.0)*	*n.a.*
Income before tax and minority interest	***16,073.0***	***4,000.0***	***301.8%***
Current tax charge	(4,331.0)	(1,854.0)	*133.6%*
Deferred tax benefit	440.0	660.0	*-33.3%*
Income tax expense	***(3,891.0)***	***(1,194.0)***	***225.9%***
Net income, attributable to:	**12,182.0**	**2,806.0**	***334.1%***
Equity holders of the parent	12,178.0	2,805.0	*334.2%*
Minority interest	4.0	1.0	*300.0%*
Net margin, %	***18.3%***	***4.3%***	***n.a.***

Appendix IV

Condensed consolidated balance sheets as of December 31, 2008 and December 31, 2007 in RUB

RUB million	Dec. 31, 2008	Dec. 31, 2007	*% change, y-o-y*
ASSETS			
Non-current Assets, incl.	**43,982**	**53,586**	***-17.9%***
Property, plant and equipment	39,586	38,480	*2.9%*
Current Assets, incl.	**32,721**	**19,858**	***64.8%***
Accounts receivable, net	10,133	8,429	*20.2%*
Short-term investments	8,762	6,920	*26.6%*
Cash and cash equivalents	11,992	3,284	*265.2%*
Total Assets	**76,703**	**73,444**	***4.4%***
EQUITY AND LIABILITIES			
Shareholders' equity, incl.	**59,425**	**56,153**	***5.8%***
Minority interest	40	26	*53.8%*
Current liabilities, incl.	***14,867***	***12,335***	***20.5%***
Current portion of long-term borrowings	2,522	2,585	*-2.4%*
Non-current liabilities, incl.	***2,411***	***4,956***	***-51.4%***
Long-term borrowings - net of current portion	117	172	*-32.0%*
Deferred tax liabilities	1,590	4,119	*-61.4%*
Total Liabilities	**17,278**	**17,291**	***-0.1%***
Total Equity and Liabilities	**76,703**	**73,444**	***4.4%***
Net debt[1]	**-18,115**	**-7,447**	***143.3%***

[1] Net debt is calculated as the sum of long-term loans and short-term borrowings minus cash and cash equivalents and short-term investments.

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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 on Form 20-F for its most recently completed fiscal year and the Company's other public filings with The U.S. Securities and Exchange Commission.*

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.

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