ROSTELECOM REPORTS FIRST NINE MONTHS 2007 RAS REVENUE GROWTH OF 6.4% AS EBITDA MARGIN AMOUNTS TO 23.7%

- *Revenue for the first nine months of 2007 increased by 6.4% to RUB 46,541.4 million.*
- *Domestic long-distance traffic rose 2.0%[1] year on year. Outgoing international traffic decreased by 0.7 % and incoming international traffic increased 24.8%.*
- *EBITDA[2] rose by 21.8% to RUB 11,044.7 million, representing an EBITDA margin of 23.7%.*
- *Net profit for the first nine months of 2007 amounted to RUB 8,844.8 million.*

Moscow – November 1, 2007 – Rostelecom (NYSE: ROS; RTS, MICEX: RTKM, RTKMP), Russia's national long-distance telecommunications operator, today announced unaudited results for the first nine months of 2007 in accordance with Russian accounting legislation (RAS).

Rostelecom's revenues for the first nine months of 2007 totaled RUB 46,541.4 million - a year-on-year increase of 6.4%.

Domestic long-distance (DLD) traffic for the first nine months of 2007 grew by 2.0% to 7,499.2 million minutes. First nine months 2007 DLD revenues increased by 0.4% and totaled RUB 23,093.7 million.

Outgoing international long-distance (ILD) traffic decreased by 0.7% to 1 415.7 million minutes. ILD revenues from Russian operators and subscribers amounted to RUB 9,440.8 million, down 3.0% year on year.

First nine months 2007 incoming ILD traffic totaled 2,221.3 million minutes - a year-on-year increase of 24.8%. Rostelecom increased its share of incoming international traffic, as the Company continued to leverage its strong market position. Revenues from international operators for incoming ILD traffic transit and termination rose 29.5% year on year to RUB 4,208.0 million.

Revenue from other business segments increased by 26.1% compared to for the first nine months of 2006 to RUB 9,798.9 million, reflecting the growth of new products and services. Rostelecom delivered increases in revenues from leased lines, intelligent network services, data transmission and telematic services as well as customer equipment servicing. For the first three quarters of 2007, revenues from leased line services grew 10.6% to RUB 5,824.8 million compared to the same period last year.

Rostelecom's operating expenses for the accounting period amounted to RUB 38,349.7 million – a year-on-year increase of 3.5%.

Depreciation increased 20.0% year on year to RUB 2,853.0 million for the first nine months of 2007 as a result of significant additions of property, plant and equipment in 2006.

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[1] All traffic data provided in the press release is preliminary.

[2] EBITDA is calculated as total revenues less operating expense excluding depreciation.

Thus, EBITDA for the first nine months of 2007 grew by 21.8% year on year to RUB 11,044.7 million, representing an EBITDA margin of 23.7%.

Operating profit amounted to RUB 8,191.7 million, up 22.4% compared to the same period last year.

Other gains and losses for the first three quarters of 2007 totaled RUB 3,524.8 million compared to RUB 16.1 million a year ago. The increase was mainly driven by a revaluation of the Company's financial investments. Rostelecom recorded a RUB 3,476.8 million net revaluation gain for the first nine months of 2007 compared to a RUB 409.9 million net revaluation gain for the same period last year.

Rostelecom's net profit for the first nine months of 2007 rose 76.7% and totaled RUB 8,844.8 million compared to RUB 5,044.6 million a year ago.

Profit and Loss Statement, RUB Million			
	9mo 2007	**9mo 2006**	***% change, y-o-y***
Revenue	**46,541.4**	**43,757.9**	***6.4%***
Operating expenses, incl.	**(38,349.7)**	**(37,065.1)**	***3.5%***
Depreciation	*(2,853.0)*	*(2,377.4)*	*20.0%*
EBITDA	**11,044.7**	**9,069.4**	***21.8%***
Operating profit	**8,191.7**	**6,692.0**	***22.4%***
Other gains & losses, incl.	3 524.8	16.1[1]	*by a factor of 219*
Profit (loss) from revaluation of financial investments	*3 476.8*	*409. 9*	*by a factor of 8*
Profit before tax	**11,716.5**	**6,708.1**[2]	***74.7%***
Profit tax	(2,871.7)	(1,703.5)	*68.6%*
Net Profit	**8,844.8**	**5,004.6**	***76.7%***

Key ratios		
	9mo 2007	**9mo 2006**
Operating margin, %	17.6%	15.3%
EBITDA margin, %	23.7%	20.7%
Net margin, %	19.0%	11.4%

[1] To ensure comparability of data for the first nine months of 2006 and the first nine months of 2007, other operating revenues and expenses, other non-operating revenues and expenses as well as extraordinary items for the first nine months of 2006 are included in the other gains & losses.

Other gains & losses for the first nine months of 2006 were mainly influenced by bad debt expense.

[2] First nine months 2006 profit before tax has been restated due to inclusion of extraordinary gains into other income and expenses as required by changes in the Russian accounting legislation.

Balance Sheet, RUB Million			
	Jan. 01, 07	**Sep. 30, 07**	***% change, y-o-y***
ASSETS			
Non-current assets, incl.	**38,555.1**	**43,965.8**	***14.0%***
Intangible assets	0.0	0.0	*n/a*
Fixed assets	21,177.7	21,142.2	*-0.2%*
Construction in progress	5,925.3	7,110.8	*20.0%*
Long-term financial investments	7,809.1	11,920.4	*52.6%*
Deferred tax assets	-	-	*n/a*
Other non-current assets	3,643.0	3,792.4	*4.1%*
Current assets, incl.	**21,903.1**	**24,311.7**	***11.0%***
Inventory	472.9	516.8	*9.3%*
VAT on obtained property	666.7	503.1	*-24.6%*
Accounts receivable	10,418.1	10,803.8	*3.7%*
Short-term financial investments	9,269.2	7,817.9	*-15.7%*
Cash and cash equivalents	1,076.0	4,669.9	*334.0%*
Other current assets	0.2	0.2	*0.0%*
BALANCE	**60,458.2**	**68,277.5**	***12.9%***
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	**44,068.5**	**51,089.7**	**15.9%**
Liabilities, incl.	**16,389.7**	**17,187.8**	**4.9%**
Long-term liabilities, incl.	6,172.5	6,798.1	10.1%
Loans due more than in 12 months	4,711.2	4,514.3	-4.2%
Short-term liabilities, incl.	10,217.2	10,389.7	1.7%
Loans due less than in 12 months	580.8	579.1	-0.3%
BALANCE	**60,458.2**	**68,277.5**	***12.9%***

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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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