

**ROSTELECOM'S BOARD OF DIRECTORS PASSED A RESOLUTION TO INCLUDE IN THE FORTHCOMING AGM AGENDA A MOTION FOR THE REORGANIZATION OF THE COMPANY BY MERGING WITH AND INTO IRCs AND OJSC DAGSVYAZINFORM**

**THE BUYBACK PRICE FOR SHARES TO BE BOUGHT FROM SHAREHOLDERS IN CASE OF ROSTELECOM'S REORGANIZATION WAS DETERMINED**

**RECOMMENDATIONS ON ANNUAL DIVIDENDS FOR 2009 WERE MADE**

**Moscow – May 13, 2010 – Rostelecom** (RTS, MICEX: RTKM, RTKMP; OTCQX: ROSYY) today announced the decisions of its Board of Directors on the various agenda items of the Annual General Shareholders' Meeting ('AGM') upon the results of 2009.

Rostelecom's Board of Directors at its meeting held in Moscow on May 11, 2010 passed a resolution to include in the agenda of the forthcoming AGM the item of Rostelecom's reorganization by merging with and into the seven Inter-Regional Companies: OJSC "CenterTelecom", OJSC "Sibirtelecom", OJSC "Far East Telecom", OJSC "VolgaTelecom", OJSC "North-West Telecom", OJSC "Uralsvyazinform", OJSC "Southern Telecommunications Company", as well as OJS Company of Telecommunication and Information of the Republic of Dagestan ('the Merging Companies').

In the context of this issue the Board also discussed and submitted for approval at the AGM the merger agreements between Rostelecom and the Merging Companies with the following share swap ratios for conversion of their shares into Rostelecom ordinary shares:

Merging Companies	Quantity of ordinary registered book-entry shares of the merging companies to be converted into one ordinary registered book-entry share of Rostelecom	Quantity of preferred registered book-entry shares of the merging companies to be converted into one ordinary registered book-entry share of Rostelecom
CenterTelecom	3.867	4.920
Sibirtelecom	46.537	59.374
Far East Telecom	0.939	1.195
VolgaTelecom	0.891	1.134
North-West Telecom	4.102	5.220
Uralsvyazinform	87.341	111.602
Southern Telecom	19.378	24.648
Dagsvyazinform	1.795	2.284

The Board has also determined the buyback price of the Company's shares to be bought from shareholders in case of the reorganization. The buyback price for ordinary and preferred shares of the Company is set at the same level – RUB 86.21 both per one ordinary and preferred share.

The Board also passed a resolution to include in the AGM agenda the motion to approve the inter-related deals: the Sale and Purchase Agreement for Securities between Rostelecom and OJSC Comstar-UTS and Securities Sales and Purchase Agreement between Rostelecom and MGTS Finance S.A. The deals are subject to the condition that 25% plus one ordinary share of Svyazinvest is to be acquired by Rostelecom, from the aforementioned companies, for the sum of RUB 26 billion.

Rostelecom's Board of Directors also recommended the following annual dividends for 2009 to be discussed at the Annual General Shareholders' Meeting:

- RUB **2.1005** per preferred share. The total amount of dividends to be paid to holders of preferred shares will amount to RUB 510.1 million or **10.0%** of the Company's 2009 RAS net profit;
- RUB **1.4002** per ordinary share. The total amount of dividends to be paid to holders of ordinary shares will amount to RUB 1,020.3 million or **20.0%** of the Company's 2009 RAS net profit;

- The total amount of the proposed dividends for 2009 is RUB **1,530.4** million. The percentage of the Company's net profit available for 2009 dividends will amount **30%** which is equivalent to the level in 2008.

Holders of the American Depositary Receipts will receive payment in accordance with the 1:6 ratio of ADR to ordinary shares. ADR holders will receive the dividend in US dollars through their usual financial intermediary.

In accordance with the decision of the Company's Board of Directors as of April 26, 2010, shareholders on record as of **May 7, 2010**, will be entitled to participate in the AGM and receive dividends for 2009.

On June 26, 2010, the AGM, to be held at the Company's Bekasovo Training Center (Moscow region, Naro-Fominsk district), will determine dividend payments.

Further details on dividend payment procedures will be available in the Corporate Governance section within the Investor Center of Rostelecom's website.

**Rostelecom** ([www.rt.ru/en](http://www.rt.ru/en)) is Russia's national telecommunications operator.

The Company owns and operates a nationwide network (about 150,000 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;*

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- 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.

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