

Delisting of Rostelecom's ADRs from the NYSE and deregistration with the SEC

Q & A

What does the “delisting” and “deregistration” of Rostelecom's ADRs mean?

It means that Rostelecom's American Depositary Receipts ("ADRs") will no longer be listed on the NYSE nor registered under the U.S. Securities Exchange Act of 1934. It also means that Rostelecom will no longer be required to file or furnish periodic reports (*e.g.*, Forms 20-F and 6-K) and other reports with the U.S. Securities and Exchange Commission (the "U.S. SEC"). However, Rostelecom shares will continue to be traded on all Russian stock exchanges, including the MICEX and the RTS, where liquidity has been high in the past. The vast majority of Rostelecom shares are traded on these exchanges, while the NYSE has only been responsible for less than 1% of the average daily trading volume of Rostelecom's securities over the past year.

Why has Rostelecom decided to delist and deregister?

Delisting and deregistering Rostelecom's ADRs enables Rostelecom to reduce the administrative costs associated with the maintenance of our listing on the NYSE and ongoing reporting obligations under the U.S. Exchange Act, while maintaining active foreign markets for our securities. Our Board of Directors has compared the advantages and the compliance costs of our Level 2 ADR program and concluded that Level 1 ADR program more fits the Rostelecom's shareholder structure, while cost reduction as a result of delisting and deregistration will ultimately serve to maximize the value of the Company.

Will current investors be forced to sell their ADRs?

No, unless, of course, there are investors that are required under their own guidelines to hold ADRs that are listed on the NYSE. Rostelecom will maintain a Level 1 ADR program following delisting and, other than as described above, there will be no need for current investors to sell their ADRs, although they will be able to do so if they wish. Current investors will be able to keep their ADRs (which will be traded over-the-counter after delisting), exchange their ADRs for ordinary Rostelecom shares or sell their ADRs. Investors can contact their broker or Rostelecom's depository Bank (JP Morgan) for more information. You should be aware, however, that the liquidity of our ADRs may decrease significantly from the day that they are delisted from the NYSE.

What is a sponsored Level 1 ADR program?

A sponsored Level 1 ADR program allows U.S. investors, who wish to invest in USD denominated shares, to maintain their investment (unless, of course, the investor is required under its own guidelines to hold ADRs that are listed on the NYSE) in Rostelecom ADRs, receive dividends in USD and trade through their existing US brokers. Level 1 ADRs are traded on the U.S. over-the-counter or "OTC" market. A majority of the ADRs of other Russian companies currently trading are supported by Level 1 programs.

What is the over-the-counter (OTC) market?

Level 1 ADRs are traded in the U.S. OTC market with prices published in the "Pink Sheets" and on some exchanges outside the United States.

What are "Pink Sheets"?

The Pink Sheets is a centralized quotation service that collects and publishes market maker quotes for OTC securities in real-time. Pink Sheets is neither an U.S. SEC Registered Stock Exchange nor a Broker-Dealer.

Will there be a loss of transparency after delisting and deregistration?

After delisting and deregistration Rostelecom intends to maintain a level of transparency that is in line with its past practice in the capital markets and will maintain internal control procedures consistent with domestic and international corporate governance best practices.

Will delisting and deregistration result in a change of Rostelecom IR activities?

Rostelecom plans to maintain a comparable level of IR activities after the delisting and deregistration. Rostelecom will continue to conduct investor meetings and conferences with senior management on a regular basis. However, following delisting and deregistration, Rostelecom will no longer be required to file Forms 20-Fs, 6-Ks and other reports as required by the U.S. SEC.

What financial information will be available after the delisting and deregistration?

Rostelecom expects to provide its shareholders with information through its website, <http://www.rt.ru/en/index.php>, and the website will continue to be a reliable source of information about the company. Moreover, Rostelecom will continue to comply with Russian and MICEX reporting requirements and to disclose financial information prepared under RAS and IFRS. The volume of financial information made available by Rostelecom will remain substantially the same after delisting and deregistration.