ROSTELECOM REPORTS FULL YEAR 2007 RAS REVENUE GROWTH OF 4.3% AND A 31.2% INCREASE IN NET PROFIT

- *Audited 2007 full year revenue increased by 4.3% to RUB 62,588.2 million;*
- *Domestic long-distance traffic rose 4.7% year on year. Outgoing international traffic decreased by 5.8 % and incoming international traffic increased 24.4%[1];*
- *EBITDA[2] increased by 8.3% to RUB 11,957.2 million, representing an EBITDA margin of 19.1%;*
- *Net profit for 2007 amounted to RUB 9,423.9 million, representing a year-on-year increase of 31.2%.*

Moscow – April 3, 2007 – Rostelecom (NYSE: ROS; RTS, MICEX: RTKM, RTKMP), Russia's national long-distance telecommunications operator, today announced its audited full year 2007 results in accordance with Russian accounting standards (RAS).

Rostelecom's General Director Konstantin Solodukhin commented, "*Rostelecom's performance in 2007 demonstrates the Company's stable position in the traditional telecom segments while operating in a new competitive environment following the liberalization of the long-distance market. The Company continues to reinforce its competitive position in the international operators and leased line markets while developing state of the art technological services. During 2008, our key priority is to substantially increase Rostelecom's presence in the new service markets, while continuing to maintain its position in the traditional telecom segments.*"

Rostelecom's revenues for 2007 totaled RUB 62,588.2 million - a year-on-year increase of 4.3%.

Domestic long-distance (DLD) traffic grew by 4.7% to 10,174.8 million minutes. 2007 full year DLD revenues increased by 0.7% and totaled RUB 32,045.0 million.

Outgoing international long-distance (ILD) traffic decreased by 5.8% to 1,820.1 million minutes. ILD revenues from Russian operators and subscribers amounted to RUB 12,325.7 million, down 6.8% year on year.

2007 incoming ILD traffic totaled 3,062.2 million minutes which represents a year-on-year increase of 24.4%. 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 29.2% year on year to RUB 5,714.8 million.

Revenue from other business segments increased by 18.5% compared to 2006 to RUB 12,502.7 million, reflecting the growth of value-added and 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 among others. 2007 revenues from leased line services grew 8.9% year on year to RUB 7,751.8 million. Revenues from data transmission and telematic services saw a substantial increase of 4.7 times in 2007 compared to 2006 , amounting to RUB 975.2 million, while revenues from intelligent network services rose to RUB 1,072.5 million representing a year-on-year increase of 41.0%.

Rostelecom's operating expenses for the accounting period amounted to RUB 54,511.0 million – a year-on-year increase of 4.3%.

[1] All traffic data provided in the press release is preliminary. This press release contains domestic long-distance traffic data for 2006 as disclosed in the Rostelecom FY 2007 IFRS results press release dated July 19, 2007.

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

Depreciation for the full year 2007 amounted to RUB 3,880.0 million. The 19.1% increase over the previous year is a result of continued additions of property, plants and equipment in 2006.

Thus, EBITDA for 2007 grew by 8.3% year on year to RUB 11,957.2 million, representing an EBITDA margin of 19.1%.

2007 full year operating profit amounted to RUB 8,077.2 million, up 3.7% compared to 2006.

Other gains and losses for 2007 totaled RUB 4,517.0 million compared to RUB 2,108.8 million a year ago, with the increase mainly driven by a revaluation of the Company's financial investments. Rostelecom recorded a RUB 5,561.3 million net revaluation gain in 2007 compared to a RUB 2,376.8 million net revaluation gain for the previous year.

Rostelecom's 2007 full year net profit rose 31.2% and totaled RUB 9,423.9 million.

Profit and Loss Statement, RUB Million			
	2007	**2006**	***% change, y-o-y***
Revenue	**62,588.2**	**60,033.1**	***4.3%***
Operating expenses, incl.	**(54,511.0)**	**(52,246.9)**	***4.3%***
Depreciation	(3,880.0)	(3,259.1)	*19.1%*
EBITDA	**11,957.2**	**11,045.3**	***8.3%***
Operating profit	**8,077.2**	**7,786.2**	***3.7%***
Other gains & losses, incl.	4,517.0	2,108.8	*114.2%*
Profit (loss) from revaluation of financial investments	*5,561.3*	*2,376.8*	*134.0%*
Profit before tax	**12,594.2**	**9,895.0**	***27.3%***
Profit tax	(3,170.3)	(2,709.9)	*17.0%*
Net Profit	**9,423.9**	**7,185.1**	***31.2%***

Key ratios		
	2007	**2006**
Operating margin, %	12.9%	13.0%
EBITDA margin, %	19.1%	18.4%
Net margin, %	15.1%	12.0%

Balance Sheet, RUB Million			
	Jan. 01, 07	**Dec. 31, 07**	***% change, y-o-y***
ASSETS			
Non-current assets, incl.	**38,555.1**	**47,038.1**	***22.0%***
Intangible assets	0.0	0.0	*n/a*
Fixed assets	21,177.7	22,534.6	*6.4%*
Construction in progress	5,925.3	6,362.1	*7.4%*
Long-term financial investments	7,809.1	13,935.8	*78.5%*
Deferred tax assets	-	-	*n/a*
Other non-current assets	3,643.0	4,205.6	*15.4%*
Current assets, incl.	**21,903.1**	**21,065.3**	***-3.8%***
Inventory	472.9	367.9	*-22.2%*
VAT on obtained property	666.7	536.0	*-19.6%*
Accounts receivable	10,418.1	10,321.1	*-0.9%*
Short-term financial investments	9,269.2	6,742.7	*-27.3%*
Cash and cash equivalents	1,076.0	3,097.4	*187.9%*
Other current assets	0.2	0.2	*0.0%*
BALANCE	**60,458.2**	**68,103.4**	***12.6%***
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	**44,068.5**	**51,668.4**	***17.2%***
Liabilities, incl.	**16,389.7**	**16,435.0**	***0.3%***
Long-term liabilities, incl.	6,172.5	6,481.1	*5.0%*
Loans due more than in 12 months	4,711.2	4,044.3	*-14.2%*
Short-term liabilities, incl.	10,217.2	9,953.9	*-2.6%*
Loans due less than in 12 months	580.8	515.9	*-11.2 %*
BALANCE	**60,458.2**	**68,103.4**	***12.6%***

***

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.

For further details please contact

Rostelecom IR Department
Tel.: + 7 499 973 9920
Fax: + 7 499 972 8222
e-mail: rostelecom@rostelecom.ru

Rostelecom PR Department
Tel.: + 7 499 973 9973
Fax: + 7 499 973 9977
e-mail: rostelecom@rostelecom.ru