PRESS RELEASE

STANDARD & POOR'S RAISES ROSTELECOM'S LONG-TERM CREDIT RATING TO "BB" FROM "BB-"

Moscow – December 17, 2008 – Rostelecom (NYSE: ROS; RTS, MICEX: RTKM, RTKMP), Russia's national telecommunications operator, today welcomed the decision by Standard & Poor's (S&P) to upgrade Rostelecom's long-term credit rating to «BB» from «BB-» with a stable outlook.

S&P noted in its report that the change in rating mainly reflects the Company's improving performance alongside its resilient financial risk profile, marked by minimal debt and ample liquidity.

According to S&P, other factors underpinning the credit rating revision include the Company's initiatives to control costs and improve profitability, and the active expansion into unregulated telecom market segments to counteract the decrease in revenue from traditional long-distance services given the competitive environment. The report also cites that the increase of Rostelecom's stake in RTComm.RU to 99.5% strengthened the Company's position in the wholesale Internet market. And as a result of the completion of major investment projects, Rostelecom's network could become a major transit traffic route between Europe and Asia.

The stable outlook reflects Standard & Poor's expectation that Rostelecom will retain its leading position in the long-distance market while gradually increasing revenue and EBITDA diversification.

S&P underlined that Rostelecom continues to maintain a sound capital structure, which provides additional flexibility to the Company's cash flow, giving it flexibility to make strategic acquisitions without deteriorating credit ratios.

Konstantin Solodukhin, General Director of Rostelecom, said: "During a time when many companies in Russia and abroad are dealing with the impact of the world economic crisis, we highly appreciate the recognition of our efforts to further strengthen the Company's financial profile. In fact, Rostelecom is the only Russian telecommunications company whose long-term credit rating has been raised since the beginning of the global financial crisis. We are pleased that an international expert like S&P recognizes the Company's business development efforts, supporting the expectation that Rostelecom can maintain its leadership in the Russian telecom market."

S&P commented that any further upgrade to the Company's rating would be contingent on Rostelecom meaningfully improving diversification by organic expansion into unregulated segments or the acquisition of businesses with strong business risk profiles.

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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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