

Rostelecom

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Certain statements in this presentation 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.

These 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 include the risk of changes the Company’s operations and business prospects, the general financial and economic circumstances, relating to regulation of the Russian telecommunications industry and the Russian legislation; the competition and other risks.

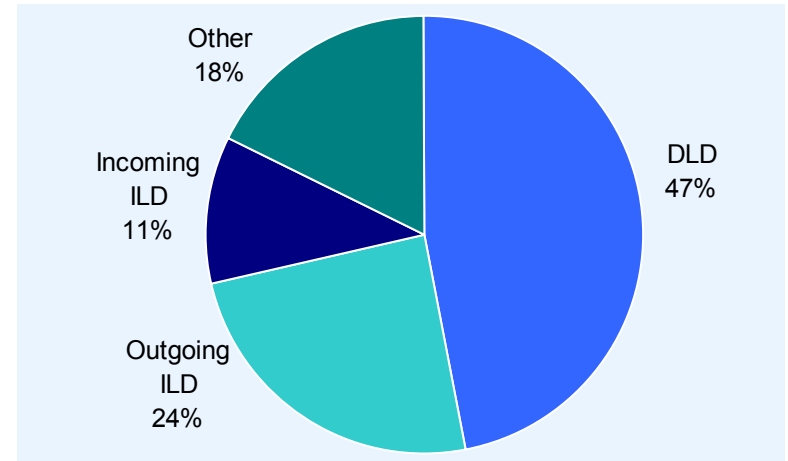
For a more detailed discussion of these and other factors, see the Company’s Annual Report on Form 20-F for its most recently completed fiscal year and the Company’s other public filings with The U.S. Securities and Exchange Commission. Many of these factors are beyond the Company’s ability to control or predict. Given these and other uncertainties, the Company cautions 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 to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as maybe required under applicable the U.S. federal securities laws.

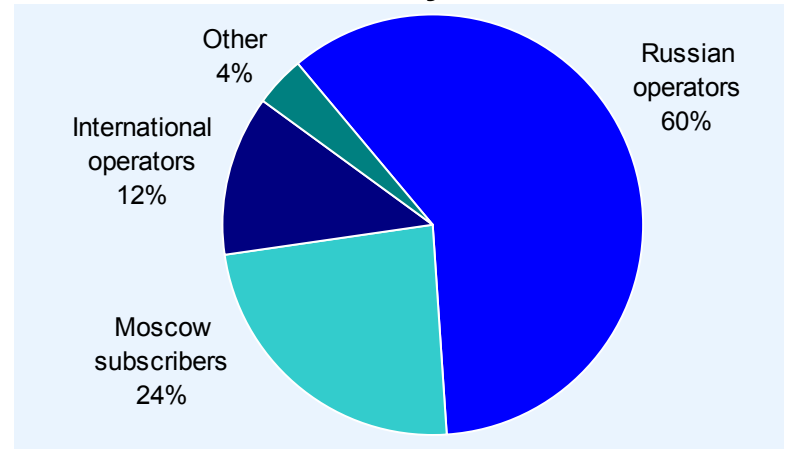
Rostelecom at a Glance

- ✓ Rostelecom owns and operates nationwide digital trunk network
- ✓ In every region of Russia Rostelecom acts as a “carriers’ carrier”, interconnecting local public operators’ networks into a single national network for LD service
- ✓ In Moscow Rostelecom provides fixed-line DLD and ILD services to end-customers
- ✓ Rostelecom has strong international relationships - cooperates with 400 international operators and companies and participates in 30 international cable systems
- ✓ 51% of voting shares owned by the state controlled holding company Svyazinvest

Revenue breakdown by service*



Revenue breakdown by client*



* In accordance with 6mo 2004 IFRS results

Strong Position for Growth as Russia's National Long-Distance Operator

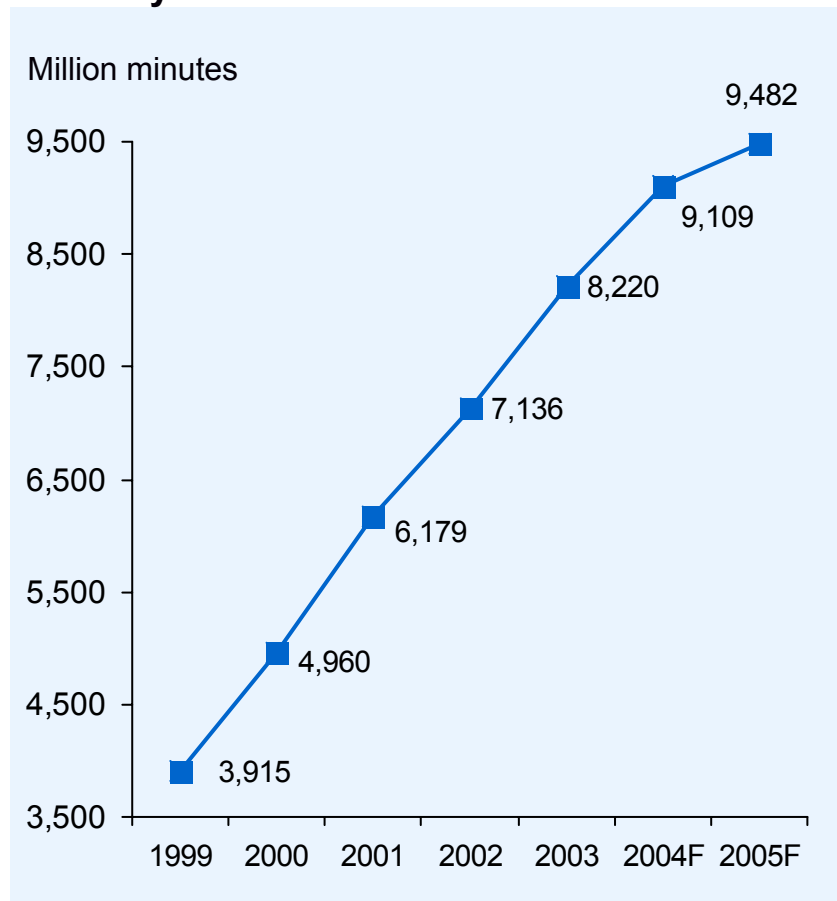
- ✓ Traffic growth continues to rapidly increase in Russian telecom market
 - 13% CAGR expected in 2004-2008
- ✓ Unique nationwide infrastructure presents enduring competitive advantage
 - 3-year modernization and capacity expansion program to support growth
- ✓ Corporate restructuring and efficiency programs clearly paying off
 - OIBDA margin** increased to 43.4% in H1 2004 (IFRS), operating expenses* decreased 1%
- ✓ Rostelecom's top-line growth strategy is yielding results
 - Consolidated revenue* increased 12.1% in H1 2004 (IFRS)
- ✓ Financial strength supports strategic aims
 - S&P long-term credit upgrade to "B+" with stable outlook Feb. 2005

* excluding effect of new settlement system

** OIBDA is a non-U.S. GAAP financial measure, which the Company defines as operating income before depreciation, amortization and loss on disposal of PP&E.

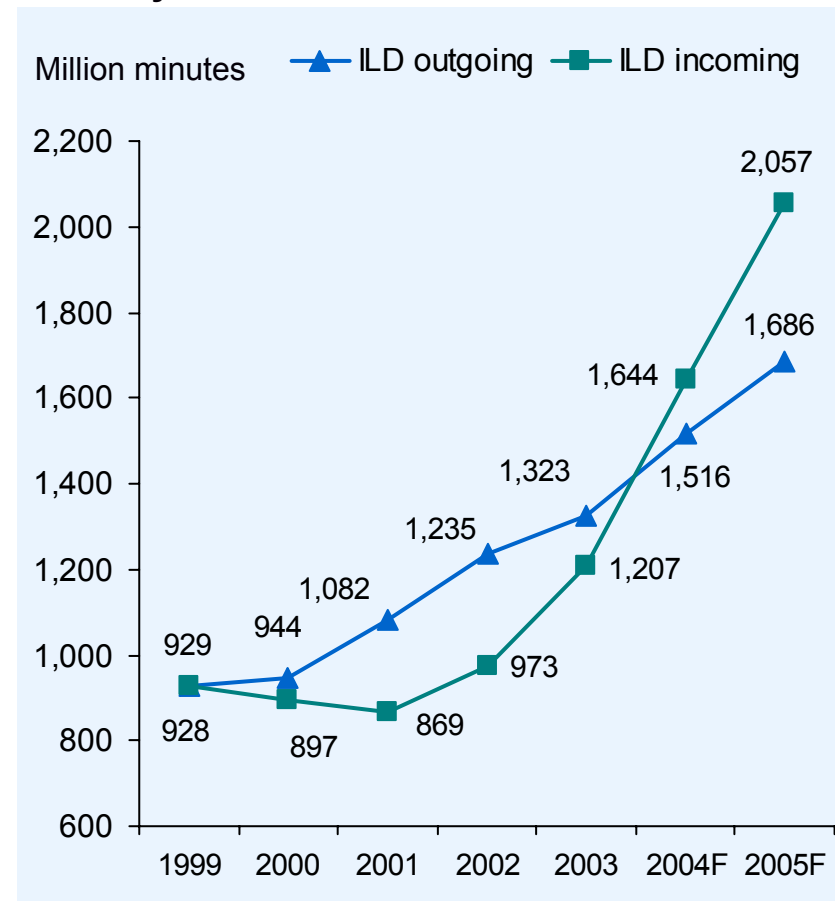
Strong Traffic Growth in Russian Market

Rostelecom's domestic long-distance (DLD) traffic dynamics



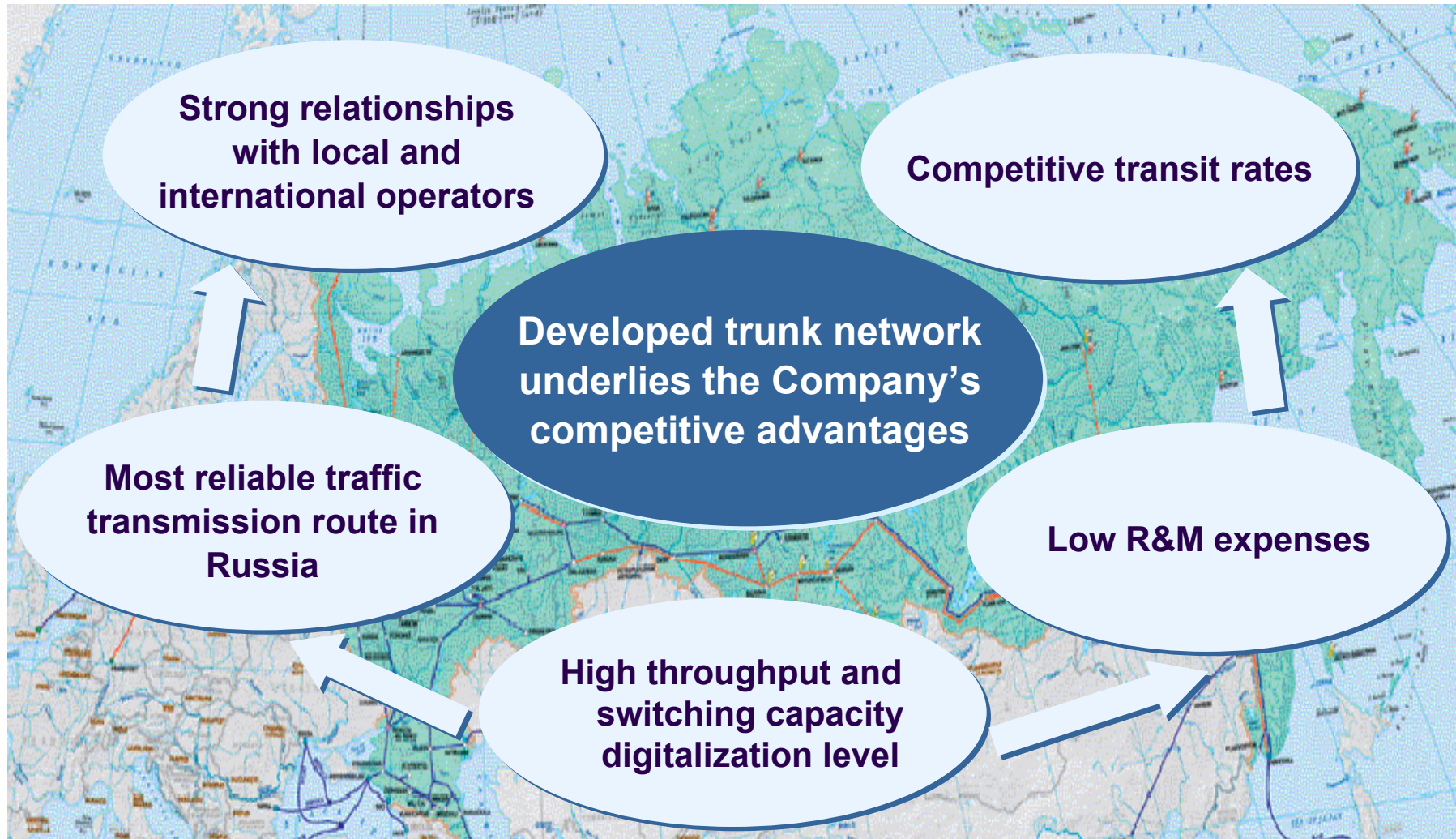
✓ **DLD traffic growth of 10% p.a.**

Rostelecom's international long-distance (ILD) traffic dynamics



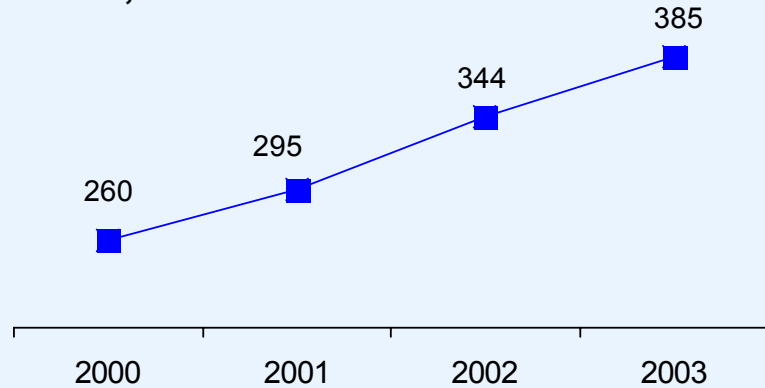
✓ **Incoming ILD traffic growth at 20% p.a., outgoing ILD – at 10% p.a.**

Nationwide Network Underpins Rostelecom's Competitive Market Position

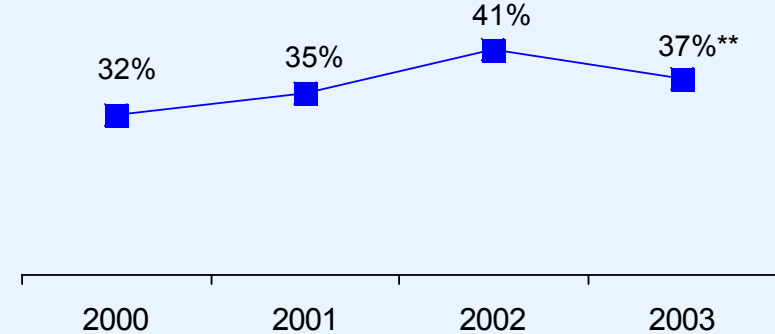


Corporate Restructuring Has Made Rostelecom Financially Strong and Efficient

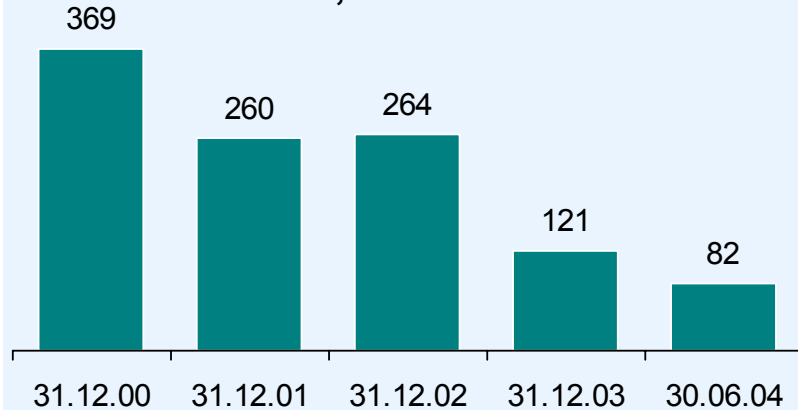
OIBDA*, USD million



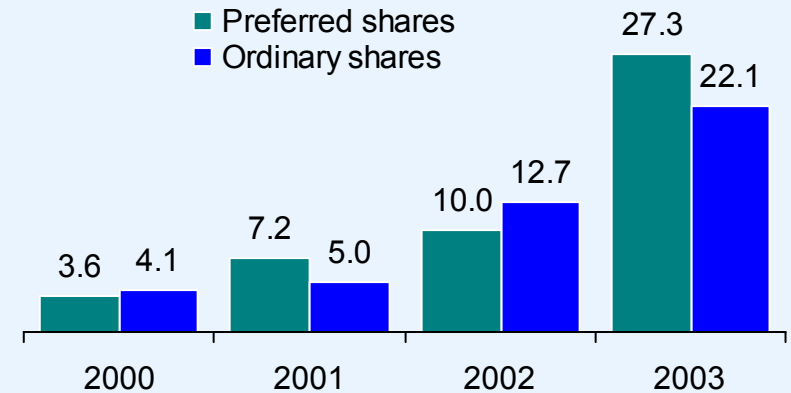
OIBDA margin, %



Consolidated debt, USD million



Dividends, USD million



* OIBDA is a non-U.S. GAAP financial measure, which the Company defines as operating income before depreciation, amortization and loss on disposal of PP&E.

** Decline in OIBDA margin is explained by the new settlement system

Today's Priorities Focus on Growth and Efficiency

Strengthening competitive position

- ✓ Strengthening competitive position in Moscow
- ✓ Building on leadership in the regions
- ✓ Further improvement in market share in the incoming ILD traffic market & entering transit market

Further operational efficiency enhancement

- ✓ Further headcount reduction
- ✓ Disposal of underperforming assets
- ✓ Further improvement of business portfolio and debt structure

Active participation in sector reform

- ✓ Elimination of cross-subsidy system

Management's key goal – prepare Rostelecom for market liberalization by strengthening the Company's productivity and competitive drive

Clear Business Objectives in Each Market

Leadership in Regions

- ✓ Over 10% DLD and outgoing ILD traffic growth
- ✓ Revenue growth of at least 15%

Moscow end-users market

- ✓ Stable revenue dynamics
- ✓ Strengthening competitive position

Incoming ILD Market

- ✓ Over 20% traffic growth and revenue stabilization
- ✓ Further growth in market share

New markets

- ✓ Entering Europe-Asia transit market
- ✓ Further VAS revenue growth

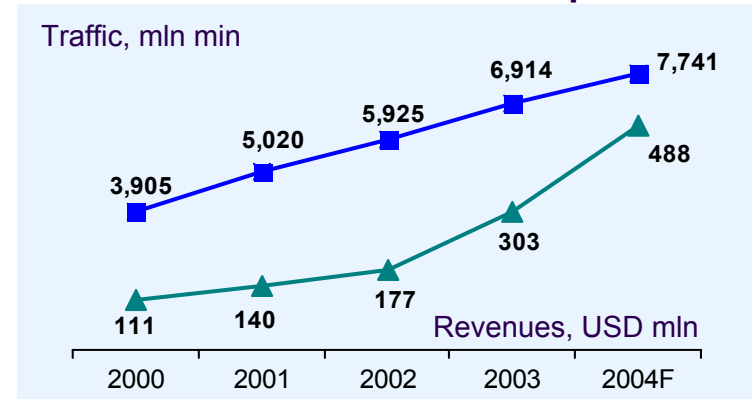
Regional Market: Strengthening Leadership

Settlement system reform and active cooperation with operators support traffic and revenue growth from LD services

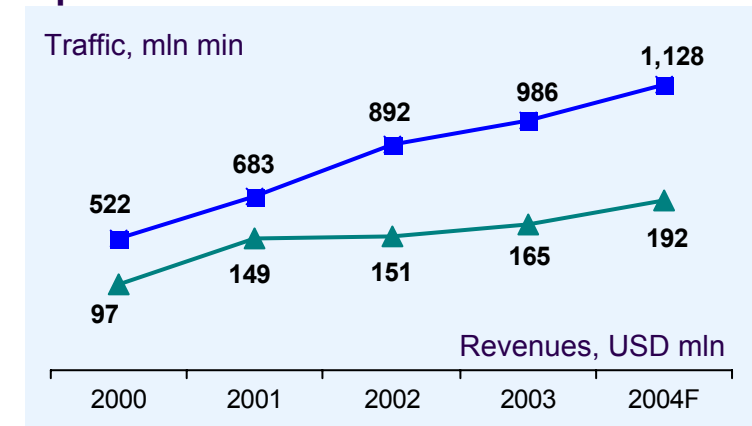
- ✓ Settlement system reform ensured market transparency and furthered the development of a rational, market-based mechanism in telecom sector
- ✓ Active cooperation with alternative operators resulted in sharp increase in traffic volumes
- ✓ Tariff rebalancing strengthened competitiveness
- ✓ New settlement system for DLD fixed-to-mobile calls - benefits from rapid growth in mobile traffic

- ✓ Stable traffic and revenue growth
- ✓ Leading market position retained

DLD traffic and revenue from operators



Outgoing ILD traffic and revenue from operators

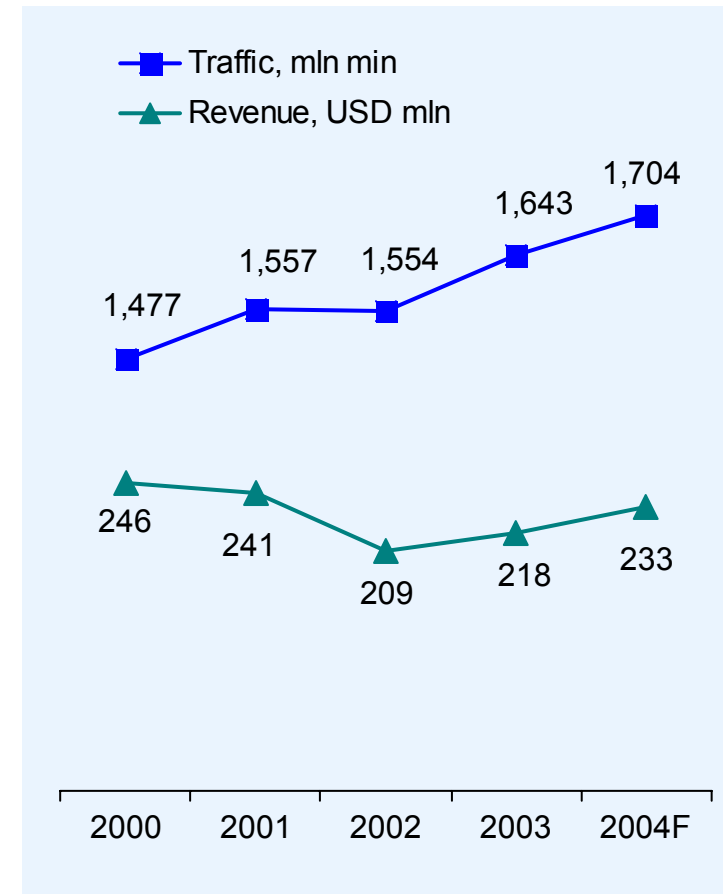


Moscow Market: Active Marketing Efforts Rewarded; Negative Revenue Trend Reversed

- ✓ Tariff rebalancing undertaken, discounts offered to clients
- ✓ Launch of new products - Universal Payment Card
- ✓ Customer service improved
- ✓ Revision of the settlement agreement with MGTS – new terms to support traffic growth

✓ **Negative traffic and revenue dynamics reversed**

Traffic and revenue from Moscow subscribers



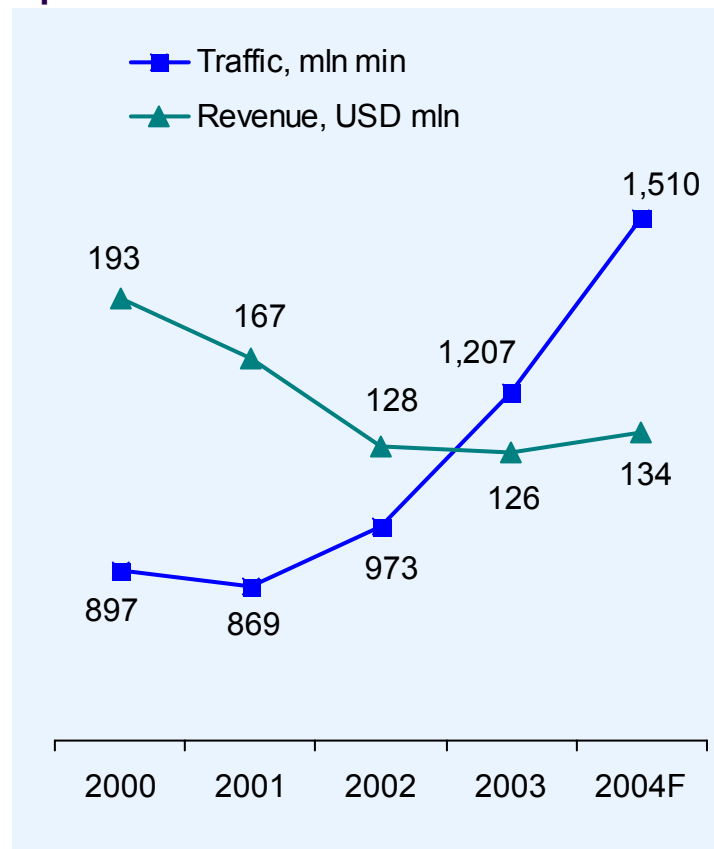
International Market: Further Market Share Gains

Strong relationships with international operators underpin Rostelecom's leading position in the international market

- ✓ Active cooperation with international operators
- ✓ Incoming ILD settlement rates revision

- ✓ Strong growth in traffic volume and market share

Traffic and revenue from international operators



Value Added Services: Enhancing Competitiveness by Catering to New Customers' Needs

Active marketing efforts and organic growth in demand boost VAS revenues

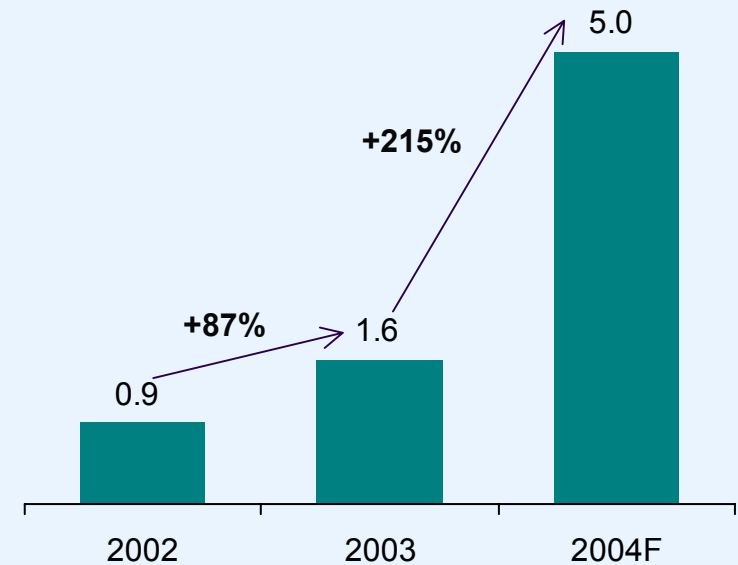
Rostelecom's Intelligent Network Services (INS)

- ✓ Free-phone (8-800)
- ✓ Televoting (8-803)
- ✓ Prepaid card
- ✓ 8-802/8-805/8-806/8-809 services to be launched

- ✓ Rostelecom – competitive player in the VAS market
- ✓ Surge in INS revenues

Revenue from Intelligent Network Services

USD mln



Entry into Europe – Asia Transit Market Will Strengthen Competitive Potential in the Medium Term

Opportunities

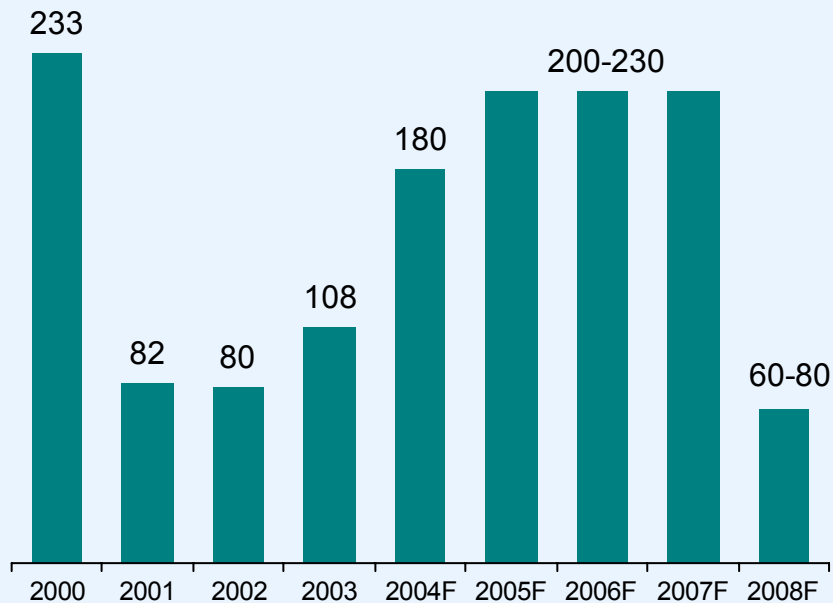
- ✓ Europe-Asia traffic is expected to continue its 20 to 30% annual growth trend, tripling by 2010
- ✓ Existing undersea lines will not be able to accommodate growing capacity needs
- ✓ Undersea lines have certain drawbacks, including limited capacity, large length, poor quality & reliability

Rostelecom strengths

- ✓ Unique geographical location – shortest route between Europe and Asia
- ✓ Rostelecom already has fiber-optic backbone in place
- ✓ Better quality and reliability of routing
- ✓ Competitive pricing
- ✓ Agreements on cooperation in principle reached with operators of China and Kazakhstan
- ✓ Capacity expansion of Rostelecom's network to Chinese border underway

Capital Expenditure Programs to Enhance Rostelecom's Competitive Advantages

USD mln



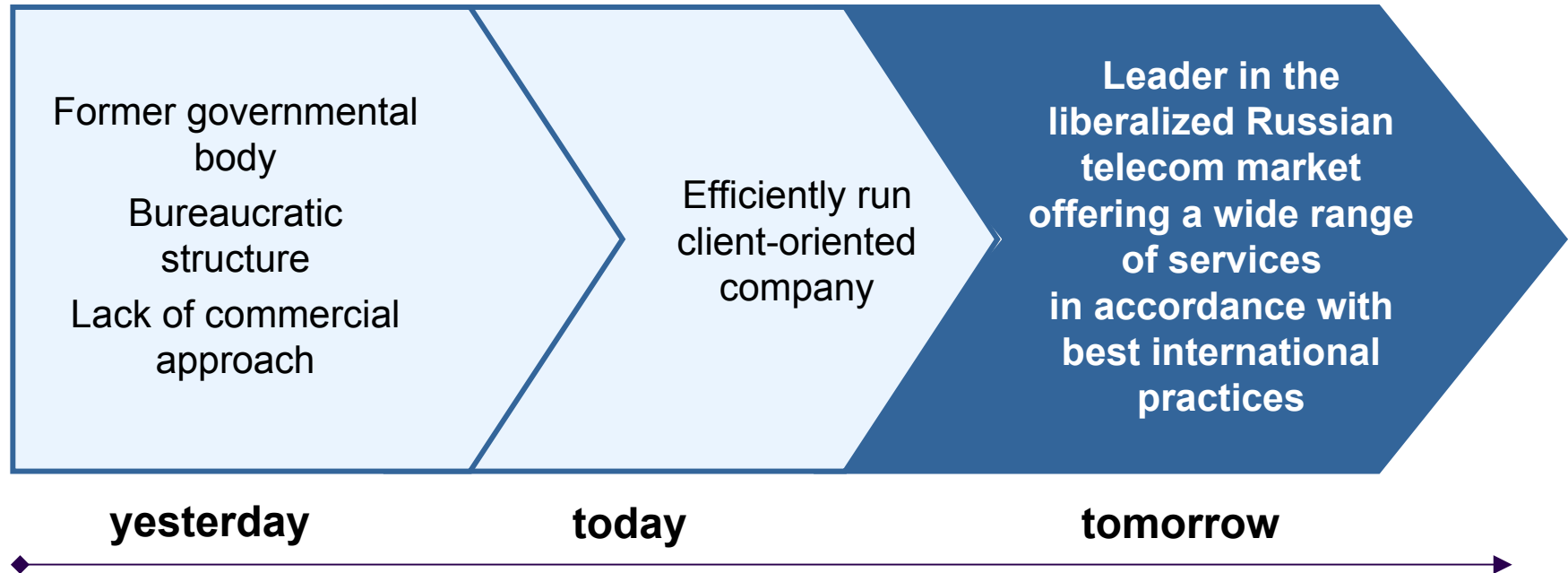
- ✓ Construction of new fiber-optic lines
- ✓ Capacity expansion
- ✓ Implementation of unified billing system
- ✓ Secondary network modernization, new service development

H1 2004 Operating and Financial Highlights: Profits Tripled on Growth and Restructuring Benefits

	H1 2004	H1 2003	% change y-o-y
<i>min mn</i>			
DLD	4,420	3,996	10.6%
Outgoing ILD	733	630	16.5%
Incoming ILD	741	552	34.4%
<i>RUR mn</i>			
Revenue	17,958	13,462	33.4%
<i>Revenue, excluding effect of new settlement system</i>	15,096	13,462	12.1%
OIBDA	6,547	5,647	15.9%
<i>OIBDA margin*, %</i>	36.5%	41.9%	
<i>OIBDA margin excluding effect of new settlement system, %</i>	43.4%	41.9%	
Operating income	2,825	1,072	163.5%
<i>Operating margin, %</i>	15.7%	8.0%	
Net loss from discontinued operations, net of tax	-	(593)	
Net profit	2,415	792	204.9%
<i>Net margin, %</i>	13.4%	5.9%	

* Decline in OIBDA margin is explained by the new settlement system

Rostelecom in 2005 and beyond



Rostelecom - Investor Profile

- **Listings:**

NYSE, LSE, RTS, MICEX

- **Free float:**

62% (49% ORD and 100% PREF)

- **Market capitalization:**

USD 1.94 bn

- **Recent stock price (03/02/2005):**

ORD: USD 2.13 (52 WK HI/LO: USD 2.64 / 1.68)

PREF: USD 1.62 (52 WK HI/LO: USD 1.81 / 1.27)

- **2003 Dividend yield:**

1.6% (ORD) / 7.1% (PREF)

- **Dividend policy**

PREF: 10% of the full financial year RAS profit

ORD: recommended by the Board of Directors

- ✓ **“B+” credit rating from S&P, outlook stable**
- ✓ **Corporate Governance Code and Code of Ethics in place**
- ✓ **IFRS reporting**
- ✓ **Rated #1 among Russian companies for transparency and disclosure by S&P in 2004**

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